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Foreign Commerce Weekly

[Statutory Functions "The Bureau of Foreign and Domestic Commerce . . . . to foster, promote, and develop the foreign and domestic commerce of the United States." *[Law creating the Bureau, Aug. 23, 1912 [37 Stat. 408].]*]

Issued by the UNITED STATES DEPARTMENT OF COMMERCE, JESSE H. JONES, *Secretary*

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PUBLISHED WITH THE APPROVAL OF THE DIRECTOR OF THE BUDGET (42 J. C. P.)

Announcing—
1944 Foreign Program

Bureau of Foreign and Domestic Commerce Will Strive To Increase Effectiveness of Its Service to Americans Engaged in International Commerce

FOREIGN TRADERS of the United States can look forward to intensified efforts on their behalf by the Bureau of Foreign and Domestic Commerce during 1944.

As their representative in Government, this Bureau is deeply conscious of the wartime difficulties that have beset exporters and importers since Pearl Harbor. We shall continue to provide all possible current aid to help ease these problems.

But, beyond this, appreciable advances will be made in our projections into the post-war outlook for international commerce. These estimates are designed to help private enterprise plan more intelligently for what we consider a prime necessity to a lasting peace—a robust and expanded American foreign trade. They will be made in answer to growing requests by both businessmen and Government for basic data on which to formulate individual reconversion programs.

Speeding Victory

However, such research and analysis of the future will be conducted without in any way lessening our constant and first obligation—to serve the war effort. For, like every other agency or department in Government and like every member of the free-enterprise system, our prime desire is to do everything in our power to help hasten victory.

The various war agencies will continue to have first call on our facilities and the services of our highly trained, thoroughly experienced personnel for essential information on this and every country in the world. In countless cases, the Bureau has proved to be the only source in Government for authentic and comprehensive records on the many phases of industry and commerce, both foreign and domestic.

We shall also continue to cooperate with the State Department in disseminating to foreign traders all data that do not endanger the prosecuting of the war, and we are hopeful of a gradual removal of the restrictions on many important statistics, as our successes on the various war fronts mount. Despite the existing curtailment, every effort is being made to fulfill our responsibility toward all members of the free-enterprise system.

By AMOS E. TAYLOR, *Director, Bureau of Foreign and Domestic Commerce*

Services Extensively Used

In the international field, the Bureau's unique informational services were widely used during the past year. These include current data on world economic conditions, the Proclaimed List of Blocked Nationals, trade lists and World Trade Directory reports, export control, and up-to-the-minute information on foreign firms or individuals.

In addition, we feel that noteworthy strides were made in providing tangible aids to help solve wartime and post-war problems facing those engaged in international commerce. All have long-range implications. Some have a direct bearing on our current endeavors.

"Projections" Planned

For example, "Foreign Trade After the War" will serve as a basis for continuing analyses, applying this hypothetical study of post-war export and import possibilities to individual industries. Such projections were made on the drug and motion-picture trades and published in FOREIGN COMMERCE WEEKLY late in 1943. Many more reports of this nature will appear in this magazine during the coming months.

"The United States in the World Economy" is another comprehensive study issued within the past few months. It marks the culmination of more than 20 years of research by the Bureau on the balance-of-payments and international-investment position of the United States. Broadly speaking, it offers an authoritative analysis of the international transactions of this country from the end of World War I to the beginning of World War II. Its issuance, we believe, is particularly timely in analyzing the coming peacetime era in that it gives conclusive proof that a more stable and ample flow of dollars will be a necessity in our future transactions with other countries. The study further stresses the major essentiality of attaining a full and expanding domestic economy.

Specific Endeavors

Among specific services provided in 1943 that should result in lasting benefit to individual industries was the promotion of the American insurance industry abroad. Here, Bureau specialists sought the development of international commercial arbitration and the cooperation of the American bar in attacking legal barriers to foreign trade.

Our efforts to replace Axis-controlled drug firms in Latin America with drug distributors in this country was another case of long-range aid. The Bureau, through its well-established contacts with drug distributors in this country, was able to take a leading role in developing the program.

A comprehensive report was issued on the statistical methods used in analyzing the future outlook in the pulp and paper trade. This included a detailed account of wood-pulp production and imports.

These few examples indicate how the Bureau sought to assist the experienced and well-established members of the foreign-trade fraternity during the year just past.

Basic Guidance

At the same time, our industrial, economic, and commercial intelligence specialists were continually reminded of a rapidly growing interest in entering the field of international commerce. Their advice as to foreign market possibilities was constantly requested by businessmen.

The need for basic guidance for these possible newcomers became apparent. Accordingly, a carefully selected list of basic information sources was published under the title "Guides for the New and Prospective Foreign Trader."

The Bureau's philosophy on the subject is clearly stated in the following portion of the foreword:

". . . at the outset those who are planning to enter foreign trade on a permanent, long-range basis must recognize that the seller market conditions of today are abnormal, and that they will pass into an era of competition from many directions."

"Therefore, before making any far-reaching decisions in this respect, the

(Continued on p. 37)

Idle Machinery—

Old Equipment, Not Used Here, Is Needed by Our Southern Neighbors—and Here Is an Outline of the Measures and Methods by Which It Can Advantageously Be Made Available

IN THE UNITED STATES, a number of small plants, equipped with old and out-of-date machinery, are idle for various reasons, some of war origin and some not; in other plants, old machinery has been replaced by new but is being held by the owners. In both cases, this old equipment is still useful, and, except where it is being retained for future use, most owners are willing to sell.

In the spring and summer of 1942 it became evident that there was a great demand for industrial machinery in the other American Republics and that, for the first time in a number of years, ample funds were available to finance new enterprises. Nevertheless, only a few of the proposed industrialization projects could be considered sufficiently essential to the war effort to justify the United States Government's granting priorities for new equipment; and even used machinery (a large amount of which is continuously available) could be purchased or leased only on a priority basis and required a release from the War Production Board before being sold abroad.

Thus, industrial machines were idle in this country while Latin American industries, anxious to expand to supply products formerly imported from the United States and other countries, were hampered by lack of equipment.

Criteria Established

The Department of Commerce was cognizant of this situation and, in the summer of 1942, in conjunction with the Export-Import Bank, the Department of State, and the then Board of Economic Warfare (now Foreign Economic Administration) evolved a program to facilitate the sale of this idle equipment for export. A circular instruction dated September 12, 1942, was sent by the State Department to the missions in the other Americas, with the suggestion that informal applications for the acquisition of industrial equipment be encouraged.

The proposed exports of idle equipment were to be judged by the following criteria: (1) machinery must be incapable of ready conversion to the war effort in the United States, and the price demanded must not be excessive; (2) equipment must be used for the manufacture of goods from raw materials readily available within the respective Latin American countries; (3) establishment or extension of the proposed manufacturing business must be economically sound, not depending upon high protective duties or trade barriers for its success.

Flood of Inquiries

Although the instruction sheet stressed the fact that this was not a large-scale program but a recognition of an existent commercial operation, the emphasis in the press was such that a flood of inquiries poured into the missions. Most of the inquiries were made by agencies of foreign governments asking for detailed lists of idle plants and equipment; agencies listing a wide range of industries in which there was expressed interest; firms with vague ideas of starting new types of business; and firms desiring textile machinery (exportation of which has been curtailed by the War Production Board).

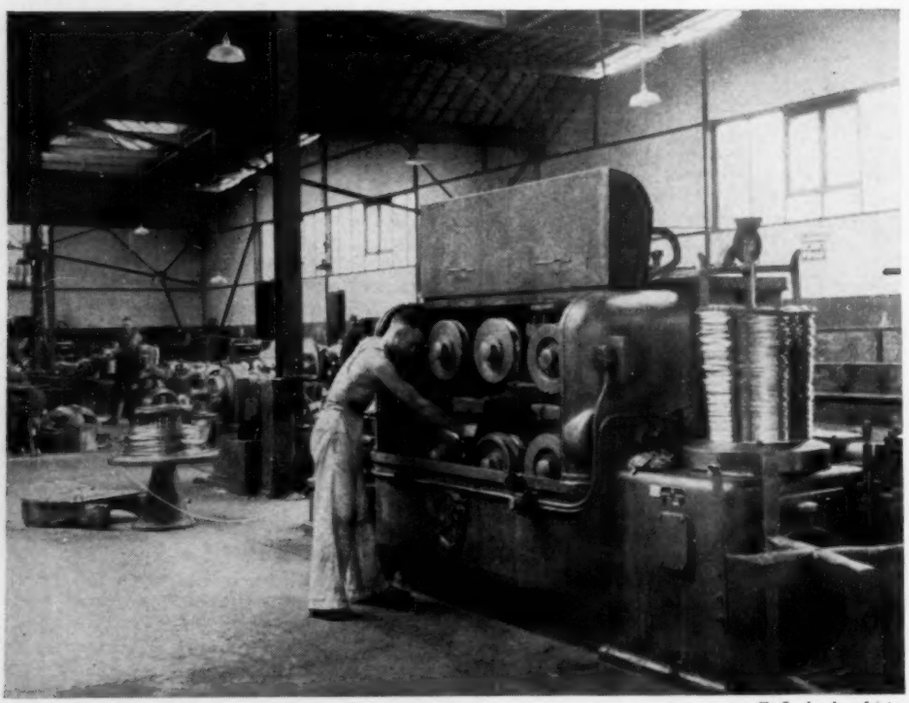
Only a few inquiries contained sufficient detail to permit an immediate definite answer. To serve as a clearing house for the inquiries and to eliminate as quickly as possible all applications that could not be justified from an economic or supply standpoint, the Inter-Departmental Clearance Committee on Exportation of Idle Industrial Machinery was established on January 23, 1943.

Through Commercial Channels

The Committee noted that normal commercial channels are more effective than government in bringing together buyers and sellers of industrial machinery. While used equipment exists largely in the form of individual machines rather than complete factories, representatives of foreign buyers have little difficulty in locating equipment. Even since the Government program was announced, a number of idle industrial units have been sold to Latin America through commercial channels for the manufacturing of cement, textiles, steel, and copper fabrication, and export licenses have been granted by the Office of Exports.

Therefore, the Committee has recommended that the exportation of idle

(Continued on p. 36)



C. I. A. A. photo.

Various Latin-American industries (the above shop is in Brazil) could use, to the eventual benefit of all concerned, some of the older machinery that is now lying idle in the United States.

KOREA—

Looking Forward to an Altered Political and Economic Status

By CHARLES N. HENNING, *Far Eastern Unit, Bureau of Foreign and Domestic Commerce*

EDITOR'S NOTE

The Declaration of Cairo states the purpose of "the Three Great Allies" [the United States, the British Empire, and China] "that all the territories Japan has stolen from the Chinese, such as Manchuria, Formosa, and the Pescadores, shall be restored to the Republic of China"—also that the three great powers "are determined that in due course Korea shall become free and independent." Keen interest has thus been focussed on the territories mentioned. What are the basic facts about the economies of the areas cited? What of Japan's actions, in those regions, in the industrial and commercial fields? What business conditions may develop there, after the changes so explicitly promised in the Declaration of Cairo? Businessmen operating on a world-wide basis, or interested specifically in the Far Eastern "theater," have manifested a desire for data that may aid in the answering of such questions. This article and the two following feature articles represent an attempt to provide some of the needed information. They cover Korea, Formosa, and Sakhalin Island (the last-mentioned being an area not specified in the Cairo statement, but significant nonetheless by reason of Japan's present "half interest" in it).

KOREA'S FRONTIERS have remained stationary since the eleventh century, but its political status has changed many times. Periods of isolation, alternating with invasions and conflicts over the peninsula among Japan, China, and Russia, culminated in 1910 in its formal annexation to Japan. Achievement of independence in the post-war period, as heralded by the Cairo Conference, will bring to Korea new opportunities and new problems.

Korea's long history reaches back, it is said, about 4,000 years, but the early period is lost in legend. The peninsula was called Ch'ao Hsien, or land of the Morning Calm, by Ki-tze, the exiled Chinese scholar whose dynasty is believed to have ruled for some time prior to the fourth century B. C. From before the Christian era until nearly the beginning of the eighth century, Korea was divided among three kingdoms. The present town of Kyongju (Keishu)[1] was capital of the Kingdom of Silla, one of the three, and still contains ruins from the days when that kingdom flourished. Silla became the most important of the trio, and dominated all Korea south of the Taedong (Daido) River in the eighth and ninth centuries. Shortly after 900 A. D. the whole peninsula was unified under the Kingdom of Koryu, and Songdo (Kaijo) was made its capital. When Yi Taijo, or Litan, ascended the throne in 1392, the name Ch'ao Hsien, or Choson, was revived, and the capital was moved from Songdo to its present location, Seoul.

Notable developments during this early period were the use of movable type for printing presses, and adoption of the Onmun, or Korean alphabet. The Ko-

[1] Romanization of Japanese names of places in Korea is given in parentheses where it differs from that of the Korean, because of familiarity and use on available maps, as on the accompanying map. In some cases there is either no difference, or the Japanese has become very common, for example Fusan, for which Romanization of the Korean would be Pusan.

Hamilton, from Three Lions.

Modern department store in Seoul (Keijo), Korea.

Evans, from Three Lions.

Village scene near Seikan, Korea. Here the houses are made entirely of grass. The "bike" that the man is riding is a cheap Japanese product.

rean language differs in several aspects from both Chinese and Japanese. Although it has many borrowed Chinese words with a Korean pronunciation, and much of Korea's literature is in Chinese, in ordinary writing the native alphabet is used. Newspapers contained both Onmun and Chinese characters, but a native Korean press was discouraged, and Japanese newspapers in large cities were printed in that language only. Japan cannot enforce the use of Japanese exclusively, for in 1938 only in the capital province did more than 20 percent of Koreans understand and speak Japanese. Illiteracy has remained high, and older persons who do read and write usually use the Korean alphabet.

Sixteenth Century Invasion

In 1592, under the orders of Japan's feudal leader, Hideyoshi, the Japanese invaded Korea, captured Seoul and several other cities, and destroyed or carried off many treasures. Although withdrawing upon Hideyoshi's death in 1598, they exacted heavy tribute, and incurred intense and lasting hatred. Not long afterward, in 1627, the Manchus conquered Korea. After establishment of the Manchus as the ruling dynasty of China, in 1644, relations between them and the Korean king were friendly, for Korea had recognized Chinese overlordship before, during the period of the "Three Kingdoms." For more than two centuries following this invasion Korea maintained almost complete isolation, to become known as the "Hermit Kingdom." Its only foreign relations were with the Chinese court, and with some Japanese traders at Fusan. It was not until 1875–1880 that the ports of Fusan, Wonsan, (Genzan), and Chemulpo (Jinsen) were fully opened to Japanese settlement and trade.

Although under Chinese suzerainty, Korea was at this time treated by world powers as an independent state. Treaties of commerce and friendship were made with the United States in 1882, with Germany and Great Britain in 1883, Italy and Russia in 1884, France in 1886, and Austria in 1892. Seoul was opened to foreign residence in 1884, and the entire peninsula to travel by foreigners. The Sino-Japanese war of 1894–95, fought mainly on Korea's soil, forced China to renounce its suzerainty and recognize Korea's independence. After this war, Russia and other countries besides Japan sought and secured various concessions, definitely ending the country's career as the Hermit Kingdom. Russia's influence grew until Japan went to war to check it, and the Treaty of Portsmouth, September 1905, following the Russo-Japanese War, served to establish Korea as a Japanese Protectorate. Less than 5 years later His Majesty the Emperor of Korea made "complete and permanent cession to His Majesty the Emperor of Japan of all rights of sovereignty over the whole of Korea."

This was the third major step in Japan's acquisition of empire, for it had obtained Formosa and the Pescadores in 1895, and Karafuto (southern half of Sakhalin Island) and the Kwantung Leased Territory in 1905.

Korea's Strategic Location

The Korea which Japan still controls, and has integrated in good part into its war economy (Japanese war industries are strongly established in Manchuria, Korea, Formosa, and North China), is a peninsula with an area of about 85,000 square miles, or slightly larger than Kansas. Mountains are visible everywhere, from the Kaima Plateau in the northeast to the Sobaek (Shohaku) Range which reaches the southwest coast. Backbone of the peninsula is the T'aebaek (Taihaku) Range which lies close to the Japan Sea, especially from Wonsan (Genzan) south. Thus, the east coast is somewhat isolated, and little developed commercially. Commerce, agriculture, and vital main transport lines of the peninsula lie west of this range, where the hills give way to valleys crossed by Korea's chief rivers.

Bounded by Manchuria and, for a short distance, by the Soviet Far East, lying between Japan and North China, and reaching to within 120 miles of the islands of Japan Proper, Korea's strategic position is exceptionally important. Prior to 1910 the Japanese referred to it as a "dagger thrust at the heart" of their country, and since 1931 it has been retermed a "bridge" for Japanese conquests on the Asiatic mainland. It probably will become a theatre of military action for defeating Japan in the present war, and in the post-war period it may well remain a first zone of defense against further Japanese aggression.

Population

Population of Korea numbered 24,326,327 persons according to the 1940 census. Most inhabitants are Koreans, racially distinct from both the Chinese and the Japanese. The latter constitute less than 3 percent of the population, while the number of Chinese and other nationalities is very small. The Japanese, however, have been the organizers of large enterprises, the Government officials, and in most cases the skilled workmen and technicians, and it will require both time and effort on the part of Koreans to replace them from Korea's own resources.

Mainly because of poor economic conditions, many Koreans have left their country, a million having gone to Japan and more than a million to Manchuria, particularly to the Chientao district, across the Tumen River, where they constitute more than three-fourths of the population. Additionally, about 200,000 are in the Soviet Far East, and another 100,000 elsewhere in Asia, chiefly in China.

Basic Agricultural Problems

Korea, like other countries of the Far East, is basically rural and agricultural; as late as 1938 nearly three-fourths of the people were engaged in agriculture. Seoul had a population of nearly 1,000,000 persons in 1940, but only five or six other cities had over 100,000 persons, and none of these had over 300,000. They included the commercial and industrial center of P'yongyang (Heijo) in the northwest, the ports of Fusan, at the southern tip of the peninsula, and Ch'ongjin (Seishin), on the northeast coast, and the agricultural center of Taegu (Taikyu), situated in a fertile plain north of Fusan.

Korea, because it is basically agricultural, may suffer less wartime destruction than more industrialized countries, and less economic disruption than countries more dependent upon trade and commercial organization. On the other hand, it cannot be anticipated that postwar changes, of themselves, will solve its

fundamental and difficult agricultural problems.

These are in part due to low fertility of soil, which has been tilled for many centuries, and to wartime shortages of fertilizer and of labor. The poor condition of the farmer has, moreover, been intensified by such institutional and social factors as low prices received for crops, widespread farm tenancy and debt. exorbitant interest rates, transfer of land to Japanese ownership with resulting increase in the percentage of Koreans who are tenant farmers, and emphasis upon crops desired by Japan.

Wartime shortages of fertilizer and labor have resulted in poorer-than-average crops. The rice crop in 1939, estimated at less than 75,000,000 bushels of brown rice, was 25 percent below the normal yield of about 100,000,000 bushels. Broadcast reports indicate that this was true also of the 1942 crop, and the 1943 crop is likewise reported to be small (harvest time is from the middle of September to early November).

Japan's Bread Basket

In normal years about 40 percent of Korea's rice was shipped to Japan, which relied upon Korea and Formosa to supply the one-fifth of its rice requirements not supplied by domestic production. Korea and Formosa rank fourth and fifth—following Burma, Thailand, and Indochina—among the five leading rice-exporting countries of the world. Rice from Korea and Formosa is not classed in Japan as "foreign" rice, and is preferred by the Japanese to rice imported from other areas. Nevertheless, Korea's poor crops, and smaller crops than usual in Japan, forced Japan to import substantial quantities of rice, in 1940 and succeeding years, from Indochina, Thailand, and other areas.

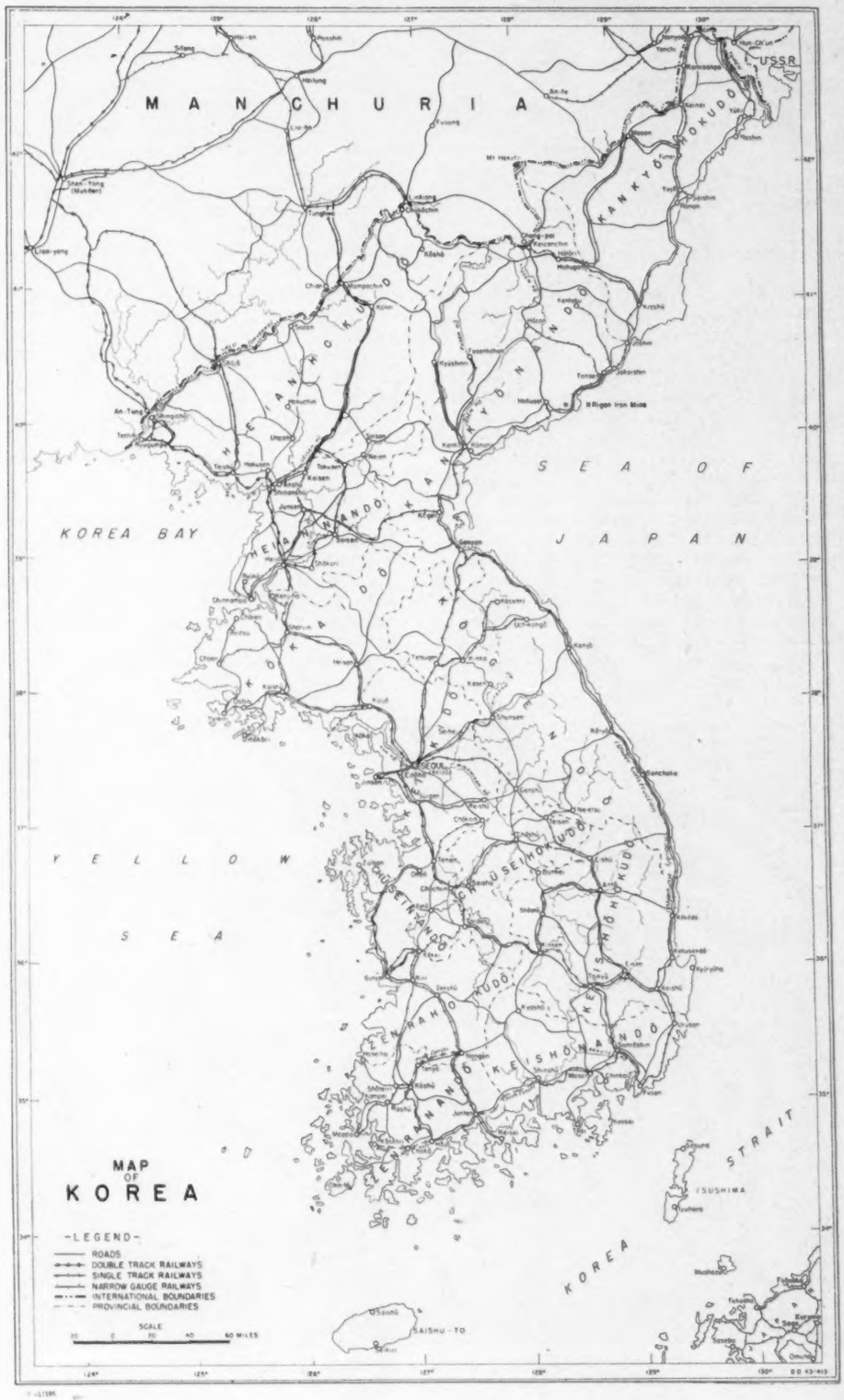
Smaller exports of rice by Korea in the post-war period would enable Koreans to eat more rice, consumption of which has declined over the past three decades; but this raises the problem, to be considered below, of exports to pay for Korea's necessary imports of textiles, machinery and vehicles, petroleum, fertilizer, and other commodities—now supplied by Japan.

Poverty of the Korean farming villages—which, to quote a Japanese Government report, was "far more intense than in similar villages in Japan Proper"—has made necessary the sale and export of rice soon after harvest. Even rice for consumption was often sold thus, and the phrase "farmers hard-pressed for food in the spring" is proverbial in Korea. One estimate has indicated that half the rice going to Japan was exported within 4 months after the harvest, at prices so low that middlemen received 35 percent of the final selling price.

Barley and millet, Korea's chief secondary crops, which together cover about the same acreage (over 4,000,000 acres) as rice, are staple foods for many Korean farmers, especially in the north, away from the chief rice district, but also in the south, where farmers find it more profitable to sell their rice and eat cheaper grains. The Government established some rice warehouses to aid in storing the grain for later shipment, but these have been insufficient.

Korea's tenant farmers, comprising over half of Korea's farm households—only one farmer out of five in Korea in 1938 owned all the land he cultivated—carry a heavy burden of crop rentals, debt, and exorbitant interest rates. Crop rentals average about 50 percent, but tenants usually pay all expenses, so that their net share may be less than 25 percent.

Three-fourths of all farmers are heavily in debt, and, since many loans are unproductive, burden of debt is increased. Interest rates averaging about 30 percent per annum, as in other countries where capital is scarce, give no incentive to borrow to become a landowner, while with short-term leases tenants have no incentive to make land improvements themselves. Shift has in fact been from the landowner class to the tenant farmer class, partly because of acquisition of



land by Japanese—either by semiofficial agencies such as the Oriental Development Co. or by individuals.

"Fire-Field Cultivation"

Lower in economic status, probably, than either farm labor or tenant farmers, the "fire-field" families of the northern interior present a special problem. The cultivation they practice—known in many countries, and in Burma called "taungya" cultivation—consists in cutting and burning vegetation off a hillside, and planting crops for several seasons until fertility of the soil declines. Causing forest fires, and destroying soil fertility, these people are described by an official Japanese publication as "driven by hunger from place to place, making shelters in log cabins and keeping their bodies and souls together by planting grains and vegetables on the hillside."

Industrialization a Solution?

Until recent years industrialization in Korea was unimportant. About 1930, members of Japan's Zaibatsu (the large family concerns which have dominated its economic life), especially the old concern of Mitsubishi and the newer Noguchi interests, began the country's industrial development. Able to take advantage of its resources of power, labor, and available land, their efforts increased the total value of industrial output from 300,000,000 yen [2] in 1932 to nearly 1,200,000,000 yen in 1938, the share of chemicals in this total from 10 percent to 30 percent, and the share of metals and machinery from 2½ percent to 10 percent.

[2] Prior to outbreak of war, value of the yen was 23 7/16 cents.

Because mineral and power resources are chiefly in the more mountainous northern part of the peninsula, development of industrial centers in the northeast and northwest has resulted in some shift of population from over-populated areas of the south. Between 1937 and 1940, P'yongyang (Heijo), in the northwest, replaced Fusan at the southern tip of the peninsula as the second largest city, and the population of Ch'ongjin (Seishin) on the northeast coast nearly tripled. Population of Kunsan, in the southwest, actually declined.

Post-War Industrial Position

At least four factors must be considered in evaluating the continuing importance of Korea's partial industrialization. Of the first, possibility of wartime destruction of plants, little can be said, although certain large chemical, synthetic-fuel, and light metal plants, especially of the Noguchi interests, are important in Japan's war economy. Secondly, however, industrialization has been aimed at making Japan self-sufficient in such products as chemicals, fuel, and iron and steel, and many of these industries have been heavily subsidized. Maintenance of such industrialization might necessitate continued governmental subsidies, and raises the problem of need and availability of governmental assistance for various phases of the economy.

Another factor is the fact that the capital entrepreneurs, technicians, and skilled workmen of these industries have been for the most part Japanese. In 1938 the Korean share of corporate capital was only 11 percent of the total, and although this excludes the smaller—generally Korean—partnerships and single proprietorships, it also excludes heavy government investments in such economic necessities as railroads and communications. Ten large subsidiaries in Korea of the Nitchitsu interests of Mr. Jun Noguchi, having, in June 1939, a total paid-up capital of over 250,000,000 yen, constitute only the most outstanding example of big Japanese concerns which have expanded into Korea. Skilled workmen have also been chiefly Japanese, and although this does not deny that Koreans have the capacity for technical and skilled work, it has deprived them of the opportunity of developing such skills through education and experience.

Finally, it must be noted that much of this industrialization has had little relation to the life of the average Korean, who is unable to purchase most of its products. Volume of consumers' goods was relatively small, and the present conflict increased the emphasis upon materials for Japan's war economy.

Some Specific Industries

In 1932, 64 percent of the total value of industrial production represented products of the foodstuffs industry. Chemicals and textiles followed, with about 10 percent each. Metals and machinery, ceramics, lumber and woodworking, printing, and gas and electricity were the most important other products, but output was small. Chief lines developed in the following years were chemicals, textiles, metals and machinery, and of course the electric power plants mentioned below.

Near Hamhung (Kanko) there is now one of the largest chemical centers of the Japanese Empire, with plants for production of ammonium sulphate, sulphuric acid, and numerous other chemicals. At the same location are aluminum and magnesium plants, which have also been established at centers in northwest Korea. Farther up the northeast coast, there are plants at Ch'ongjin (Seishin) for producing hardened oil, used in making glycerine, and other products. Iron ore from extensive mines at Mosan comes to this port, where Mitsubishi and the Japan Iron Manufacturing Co. have built blast furnaces; formerly Korea's only iron foundry was that of the latter company at Kyomip'o (Kenjiho), near P'yongyang.

In the Seoul-Chemulpo (Jinsen) area a dozen machinery manufacturers were being established prior to outbreak of war. Yongdungp'o (Eitoho), in this area, is the chief center of the textile industry, with three large mills, two of them established by large Japanese companies.

Cement mills are also owned by subsidiaries of Japan's large concerns. Pottery, lumber and woodworking, and other industries manufacturing consumers' goods remain chiefly small-scale Korean enterprises.

Examples of certain of Korea's industries will indicate not only some characteristics of their development, but also post-war position of the country in some important products.

Synthetic-fuel plants best illustrate the factors that have spurred Korea's industries. Established first in northeast

Rice seedlings for transplanting, Korea.

Korea by a Noguchi subsidiary, these strategic wartime plants have been heavily subsidized, and have employed Japanese technicians and skilled workmen. Korea has no petroleum resources, depending upon imports of refined petroleum products and upon output of a single large refinery which refines imported crude oil. The synthetic fuel program has been continued despite Japan's acquisition of sources of oil—apparently both because of shipping shortage and because of a desire to establish an integrated war economy in Japan Proper, Manchuria, Korea, and perhaps North China.

Textile mills were established in a number of cities prior to the present war, and some revival has been indicated by recent broadcast reports; Korea is, however, not self-sufficient in textiles. In 1936 it produced about 40 percent of its requirements, or about 175,000,000 square yards out of 425,000,000. Korean garments are usually made of cotton, although Western-style woolen suits were beginning to be worn, and the wealthy wear a mixture of cotton and silk garments. When necessary for warmth, the people wear two thicknesses of cotton, and place between them a thick layer of cotton padding, as is done in Manchuria in the winter.

Essential, but not strategic, expansion of the textile industry was halted by the approach of war, and a shift also occurred from cotton to rayon and staple fiber. Even with revival of the industry, raw materials must be imported. About 1934, when competition in Japan of Korean rice, always cheaper, was adversely affecting Japanese rice farmers, the Government-General of Korea partially abandoned its program of increase in rice production, and coined the slogan "Cotton in the South, Wool in the North." Wool has remained chiefly a slogan in Korea, and while about 200,000 bales of cotton, or roughly 100,000,000 pounds, are produced annually, net imports prior to the war averaged 30,000,000 pounds.

Second in total value of production to the chemical industry, the foodstuffs industry[3] represents one in which Korean capital has the greatest share, in which the majority of plants are small, and on which wartime changes have had least influence. Nearly half of its output is that of household industry, and beverages, wheat and other flour, starch, canned goods, bread, and other products are produced. Even here, however, the industry has much less relation to the life of the ordinary Korean than might be thought, for its total output provided for per-capita consumption of only 10 yen; half of this was beverages, and much of the total output must have been consumed by the Japanese population.

Power for Korea's Industries

Electric power for Korea's industries will be a problem in the post-war period only if large plants should be destroyed. With a value of industrial production only one-twentieth that of Japan Proper, Korea's rivers (and some thermal plants) produce almost one-sixth as much power as that produced in Japan. Especially on the Pujon (Fusan) and Changjin (Choshin) Rivers, tributaries of the Yalu, power plants of the Noguchi interests provide current for their industrial plants and for Hamhung (Kanko), Seoul, and P'yongyang (Heijo).

By damming the upper reaches of the rivers flowing down the gradual slopes to the west of the central mountain range, and cutting tunnels under this backbone, water was enabled to pass with sharp falls toward the east coast, and a much greater expansion of water power was made possible than had been anticipated.

Yalu River Power Projects

On the Yalu a series of dams and power plants, planned to furnish current both to Manchuria and to Korea, will constitute upon completion one of the world's great power projects. The first dam and power project, begun in 1937 with capital provided by the governments of Korea and Manchuria, and by Noguchi interests, is about 35 or 40 miles above Sinuiju (Shingishu) and is probably now completed. Korea's share of its power goes to the Sinuiji area and to cities farther south. Manchuria's share goes to Mukden and other cities, including the Showa Steel Works at Anshan, and, presumably, the coal mines at Fushun. Capacity of this first Yalu River project was to be over 600,000 kilowatts of power; an idea of the size of this undertaking may be gained by comparison with the former capacity of the plants at the great Russian dam at Dnepropetrovsk—558,000 kilowatts.

In the southern part of the peninsula, where water is not such a good source of power, thermal (coal) power plants have been erected to supply the cities of Fusan, Taegu (Taikyu), Taejon (Taiden) and Kunsan, with surrounding area.

Variety of Minerals

Korea's wartime mining has some of the same features as its wartime industry. Facts to be emphasized are control of major mines by large Japanese companies, utilization of low-grade ores, and large subsidies because of the strategic character of many minerals in wartime. Chief exception is gold, which presents a special case. Gold mining, however, was subsidized until 1941, and subsidies for such minerals as tungsten and mica were especially large—250 to 300 yen for tungsten and 1,000 to 2,000 yen for mica (of a prescribed grade) for each ton in excess of 1937 production. Additionally, the Government-General subsidized the building of mine roads and of power lines.

Importance of minerals in Korea lies generally in their variety rather than in the quantity of any given mineral; those found include gold, silver, and copper (often together), iron, coal, lead, zinc, tungsten, molybdenum, magnesite, alum shale, graphite, mica, fluorspar, and small amounts of a number of others. Best coal deposits, of anthracite, are in the P'yongyang (Heijo) area, and production is over 6,000,000 tons a year.

(Continued on p. 38)

Hamilton, from Three Lions.

A couple of Koreans talk things over on the street in Seoul (Keijo).

[3] Beverages represent almost half of the total value of production in this industry, and the milling of rice is apparently not included.

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FORMOSA—

Big Important Island, Destined to Revert to China

By Melville H. Walker, *Far Eastern Unit, Bureau of Foreign and Domestic Commerce*

FIRST SIGHTED by the Portuguese late in the sixteenth century, and called by them "Ilha Formosa" (Beautiful Island), Formosa was known to the Chinese long before that. Nationals of other countries, too, established themselves in Formosa—the Dutch occupied the nearby Pescadores in 1621, and then in 1624 settled on its west coast. Ruins of Fort Zeelandia still stand at Anping, and other buildings at Tainan. Spaniards established themselves in Keelung and Tamsui in 1626, but were expelled in 1642 by the Dutch. Thus the island was under several countries before the Chinese general, Koxinga, made of it in 1662 a kingdom for himself and a refuge for loyal followers of the Ming dynasty.

In 1683, some time after Koxinga's death, the island came under the government of Fukien, and the name of Taiwan was applied to the whole island, the capital being called Taiwan-fu. Although the Portuguese name of Formosa has been applied to the island by all Westerners, the Japanese, when they took possession of it, restored its Chinese name of Taiwan. Remaining under the Chinese until 1895, the island was ceded to the Japanese by the Treaty of Shimonoseki in 1895 following the Sino-Japanese War. (Reversal of this cession, the return to China of Formosa and the Pescadores Islands, as well as of Manchuria, was announced on December 1, 1943, as a United Nations war aim, following the Cairo Conference.)

Evans, from Three Lions.

In these large baskets live poultry is brought to the market-place in Taihoku, Formosa.

". . . Aimed at the South" [1]

It was from bases on Formosa that the Japanese dealt their paralyzing blows in the Philippines, and other South Pacific areas at the beginning of the war. For these offensive actions, naval and air forces were concentrated there; expeditionary troops were assembled and trained; and stores of supplies were accumulated. The words of an American consular officer, written in 1939, prophetically described the role that this island was to play:

> . . . it is being made the laboratory where plans are studied for the exploitation of tropical lands which Japan expects some day to dominate either by economic penetration or by conquest. The Taihoku College of Commerce performs an important work along this line, not only by specialized commercial courses, but by agricultural experimentation, and the homologation of the results obtained in the mandated islands. It is perhaps significant that in this school Dutch, Malay, and southern Chinese dialects have been taught for years. The mild climate of Taiwan makes it excellent for military camps.
>
> During the China incident, bombing airplanes taking off from Taihoku have frequently raided as far as Nanking and the Canton-Hankow Railway, while various military expeditions have been fitted out there. The Spratly Islands taken over by Japan through a formal announcement on March 30, 1939, have been incorporated for administrative purposes with the Taiwan municipality of Takao in the jurisdiction of which is the new Toko naval base. Moreover, it has been rumored that the Taiwan Government-General may be charged with the administration of the mandated islands. Taiwan is continually mentioned in the press as a valuable spearhead for Japanese penetration toward the south, and will undoubtedly be an important factor in the southern advance. Cape Garanbi, the southern tip of Taiwan, is only 78 miles from Y'ami, the northernmost island of the Philippines.

In the fight now being waged for command of air and sea lanes off the China coast from Japan to southeastern Asia, Formosa's ports, naval bases, airfields, Army garrisons, and supply depots remain of vital importance. Attack on them, with destruction of aircraft at a base near Shinchiku, was reported on November 26, 1943, by the United States Fourteenth Air Force in China.

Pescadores, Loochoo Islands

Guarding the straits, 30 miles from the west coast of Formosa, is the important naval base of Mako in the Pescadores Islands. Curving northward to the

[1] As early as 1897, the Japanese called Formosa (Taiwan) "the stone aimed at the South."

southern tip of Kyushu, the Ryuku (Nansei or Loochoo) chain of islands protects the sea passage from Japan proper.

Geographically, Formosa thus lies in an exceptionally strategic position. About 1,000 miles southwest from central Japan; about 90 miles off the China coast and halfway between Shanghai and Hongkong; the island is at the heart of sea communications within Japanese-dominated Asia. From the port of Takao to Manila is about 550 miles, to Saigon 1,200 miles, and to Singapore, 1,850 miles. Hainan, Japan's other great island base in the South China Sea, lies approximately 760 miles to the southwest.

A Mountainous Island

Formosa, shaped like an oval leaf, with its stem at the south, is 250 miles long from north to south, and 93 miles wide. It covers an area of 13,885 square miles, and is thus a little larger than Massachusetts and Connecticut combined, or about one-sixth the size of Korea. The southern half of the island, which lies below the Tropic of Cancer, is tropical in vegetation and climate.

A range of mountains runs the length of Formosa, from north to south. Eastward of this range the country is almost entirely mountainous. There are 48 scattered peaks which rise above 10,000 feet, and the highest, Mount Morrison (Niitaka), towers 14,500 feet. On the isolated east coast are cliffs which drop 6,000 feet to seaboard—the highest in the world. West of the central range are graduating hills, which descend to broad plains running from north to south, intersected by rivers and streams, and which finally terminate at the coast in sandbanks and mud pits. A remarkable feature about the west side of the island is the rapidity with which the land is extending seaward.

The population centers on this western coastal plain. At its north and south, respectively, are the two naval bases, shipping ports, and principal industrial cities of Keelung and Takao, each with a population of more than 100,000. The capital and largest city, Taihoku, is located in the northern part, about 18 miles from Keelung—in 1939 its population was estimated at 340,114. Along the main railroad line, which, as shown on the accompanying map, connects Keelung, Taihoku, and Takao, are the other leading cities—the former capital and second largest city, Tainan, population 131,079; the lumber and sugar center, Kagi, with 90,253 inhabitants; Taichu, Shinchiku, and others.

Formosan-Chinese Inhabitants

Settlers on Formosa were mainly Chinese from South Fukien and North Kwangtung. Their descendants, who have remained Chinese in their thoughts, language, customs, and dress, constitute the main group in the island's present population, which is about 6,000,000. Fukien Chinese, constituting about three-fourths of the total population, inhabit most of the lowland area of the island. "Hakka" Chinese, of whom there were 700,000 in 1928, live along the

northwest coast, in Shinchiku Province, in central Takao Province, and south of Kobi in Tainan Province. These people—distinct from other Chinese in customs, language, and appearance—are of uncertain racial origin, driven in earlier times by the sons of Han to the hills of Fukien, Kwangtung, Hainan, and other areas in southeast China.

Japanese constitute only 5½ percent of the population, or about 325,000 persons. This is a slightly higher percentage than in Korea, but it is still a small minority considering that the Japanese have occupied the island for more than 40 years.[2] The birthrate of the Japanese inhabitants is much lower than that of the Formosan Chinese, and there has been little intermarriage. The Japanese have a considerably higher standard of living than the Formosan Chinese, since most of them are managers of enterprises, Government officials, or businessmen, settled in the larger cities. A third of the Japanese population resides in the capital, Taihoku; another third in the cities of Keelung, Takao, Taichu, Tainan, and Shinchiku. There are some Japanese, however, in each town which has district offices, and under Government sponsorship colonies of them have settled at other designated places. In the larger towns they generally have their own areas, as in Taihoku, where Japanese and Formosan Chinese quarters are clearly set apart.

[2] Although Formosa was ceded to Japan in 1895, actual authority on the island could not be transferred because it was in revolt; a "republic" had been proclaimed, and it required some time for the Japanese to gain control of the island. Seven years of war and suppression of "banditry" were acknowledged by the Japanese before they could institute civil control.

Head-Hunting Aborigines

In the mountains of central Formosa are still to be found aboriginal tribes, some of which continue the practice of head-hunting for revenge or ritual. These tribes closely resemble the Negritos of the South Sea Islands, and are supposed by anthropologists to have a Malay origin. They are closely related by blood, language, and culture to the Malayan tribes of the Philippines. Of the remaining 150,000 or so, about 95,000 are still classified as savage, and are confined to designated reservations, in some instances by electrically charged barbed wire and constant police patrol.

Densely Populated

Formosa is one of the most densely populated regions in the Far East, exceeded only by Japan Proper, and by

Java and Madura. Its 425 persons per square mile (1940 census) compares with 495 persons per square mile in Japan Proper, and more than 800 persons per square mile in the latter two islands of the Netherlands Indies. The census of October 1, 1940, reported a population of 5,872,084 (2,970,655 males and 2,901,429 females) in Formosa, in an area of only 13,885 square miles.

This over-all figure is, however, misleading. As already stated, a rough mountain territory, sparsely inhabited, covers the eastern half of the island, and almost the entire population is concentrated along the west-coast plain, one-quarter being in Tainan Province alone. This Province, containing only a small area of mountain territory, has more than 700 persons to the square mile, approaching Java or England in its density.

Despite Formosa's dense population, which exceeds that for nearby Provinces of China, movement of population, although small, has been from the continent to the island. Each year 8,000 to 10,000 Chinese came to Formosa, usually as seasonal laborers for tea plantations and sugar fields, several thousand usually remaining. Large numbers came just prior to the outbreak of Sino-Japanese hostilities in 1937, after which such immigration was forbidden, and many returned. As of July 1935, there were 11,327 households, totaling 41,651, of these immigrants from China.

Japanese Administration

Formosa is ruled by a Governor-General, appointed by the Emperor of Japan. The first six Governors-General, after Japan's occupation of the island in 1895, were military men, followed from 1919 to 1936 by 10 civilian officials. With the renewal of the policy of "southward movement," military appointments again were made. Admiral Kobayashi (retired) held office from September 1936, until the appointment of Admiral Kiyoshi Hasegawa from the active list. Becoming Governor-General in November 1940, Admiral Hasegawa automatically assumed command of all armed forces on the island. The Japanese Navy has had somewhat the same relation to Formosa that the Japanese Kwantung Army has had to Manchuria, and it has tried to widen its sphere of control.

Provincial, Local Government

The island is divided into five Provinces (Taihoku, Shinchiku, Taichu, Tainan, and Takao) and three districts (Karenko, Taito, and the Pescadores). Each Province is under a civil governor. Since October 1935, half of the members of the provincial, municipal, and town assemblies have been chosen by popular election from among officially approved candidates. The other half are appointed by the Governor-General. Town and village assemblies have no legislative power, and simply advise on local matters when requested; appointees to city assemblies, which have some legislative power, have been preponderantly Japanese, by a ratio of 3 to 1. These assemblies are the only popular representation or experience in elections or public office which the people of Formosa have, and the required payment of at least 5 yen in taxes, for the privilege of voting, disfranchises much of the population.

Wartime Reorganization

The Governor-General has extensive power, since he supervises all administrative machinery in the island. Under him is the Director-General, a civilian, and an Imperial appointee. The executive branch of the Government consists of the Secretariat and the semi-independent Monopoly Bureau, Customs, and Central Research Institute. In the Secretariat are included the Departments of Police Affairs, Financial Affairs, Education, Judicial Affairs, International (Home) Affairs, and, formerly, Agriculture, Industry, and Foreign Affairs. With the reorganization of the Tokyo government in November 1942, Formosan bureaus were to be directly supervised by the appropriate bureaus of the Tokyo government, and Formosa, as well as Korea and Karafuto, were transferred to somewhat the status of prefectures of Japan. Conscription in Korea and Formosa was to be supervised by Premier Tojo himself. The status of the Governor-General apparently is now similar to that of a Japanese prefectural governor, the Japanese radio having announced that the Governor-General of Formosa, with the Governors-General of Korea and Karafuto, attended the November 1942 conference of Japanese prefectural governors "as head of a Japanese prefecture."

Japan's Economic Control

Not only is Formosa administered politically as an integral part of the Japanese Nation, but its economic resources and activities are overwhelmingly in Japanese hands. From this standpoint, not much distinction is to be made between industries under actual Government ownership and operation—railroads, forestry, communications, and the camphor, salt, and other monopolies—and those dominated by large Japanese industrial and financial concerns which also have been instruments for developing the island to the pattern of Japan's requirements.

In 1940, five Japanese sugar corporations and one pineapple company [3] are reported to have owned nearly 200,000 acres, equal to almost 10 percent of the cultivated land on the island (which amounted in 1938 to 2,120,000 acres). The Taiwan Sugar Manufacturing Co., in which 40,000 shares of stock are held by the Japanese Imperial Household, owned 112,000 acres.[4]

Only fragmentary, and unofficial, information is available to indicate the extent of Japanese investments in Formosa, and it would be foolhardy to prophesy what their value is or what it will be at the war's end. In 1939, a Japanese source estimated that total private corporate capital amounted to 357,000,000 yen of which 191,500,000 yen represented the capitalization of industrial enterprises (chiefly the sugar companies).[5] No official figures for values of investment in Government-owned enterprises are available, but from 1899 to 1937 it was reported that a total of 163,159,262 yen was expended for construction, improvements, and repairs to the railroads.

Investments by nationals of any country other than Japan were negligible. Two American firms formerly had offices in Formosa for purchasing tea, and in 1931 there was obtained in the United States a loan of $22,800,000 for the Jitsugetsutan power project. The only for-

Port of Tansui, Formosa.

[3] The Taiwan, Dai Nippon, Ensuiko, Meiji, and Teikoku sugar manufacturing companies, and the Taiwan Consolidated Pineapple Canning Co. (Taiwan Godo Hori Kaisha).

[4] Kabushiki Kaisha Nenkan, 1940, and Far East Yearbook, 1941.

[5] Dai Nippon Teikoku Nenkan, 1939. Average value of the yen in 1939 was about 26 cents.

eign interest in mining was Tokki Gomei Kaisha, a fairly large sulfur producer, owned by a British national.

Mainly Agricultural

To judge from the last available occupational census (1930), and from scattered information of more recent date, probably about 60 percent of Formosa's population is engaged in agriculture. Statistics for 1937 and 1938, as shown below, indicate also that farm products in value represent half of the island's total annual production.

Value of Production, 1937–38 [1]

[In 1,000 yen] [2]

Item	1937	1938
Agriculture (including livestock raising)	402,947	460,171
Forestry	16,664	19,330
Fishing catch	14,513	15,608
Marine products	2,324	2,359
Mining [3]		
Manufacturing industry	374,931	379,900
Total	811,379	877,368

[1] Source: Far East Year Book, 1941.
[2] In 1937 and 1938 the yen was equal to about 28½ cents.
[3] Not given.

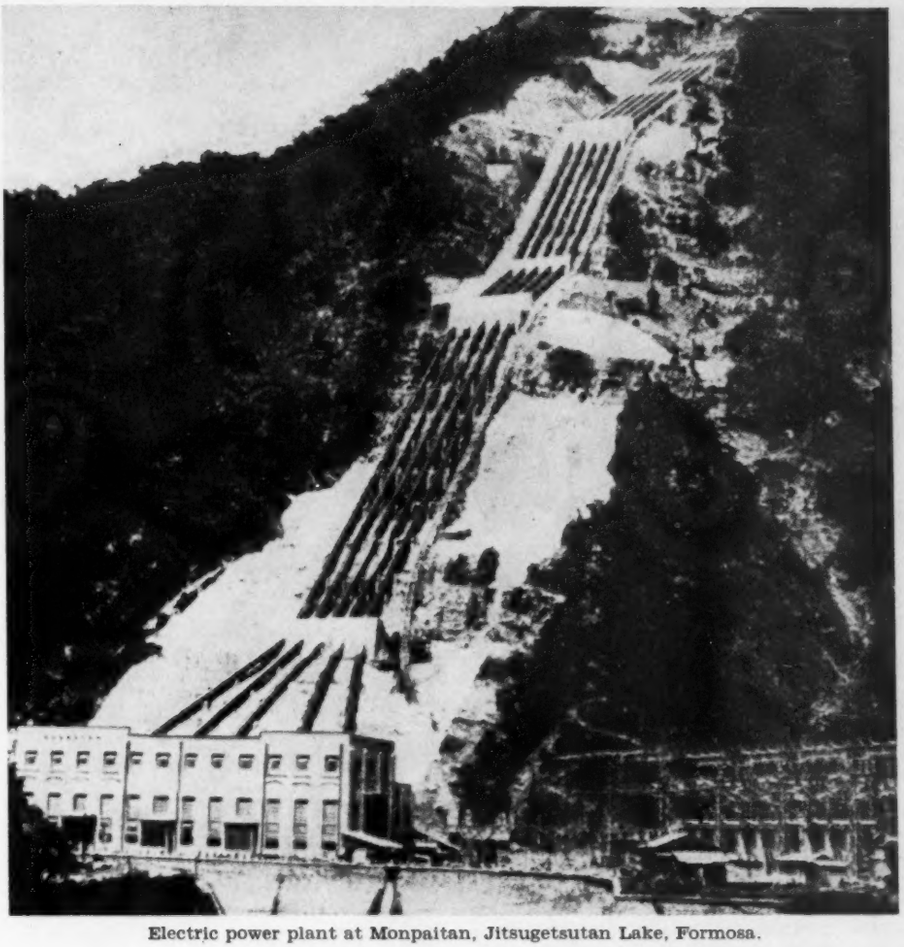
Because sugar mills, with an output valued at more than 200,000,000 yen annually, are included in the above figures as manufacturing industry, the importance of agriculture is understated. If "value added by manufacture" calculations were used for these mills, it would be apparent that three-fourths of the output of the island in recent years was directly dependent upon agriculture.

Rice

Rice is a cash crop, grown chiefly in wet fields in the northern part of the island, and accounting for more than half of the gross value of agricultural production. Crops averaged a little more than 9,000,000 koku, or 46,000,000 bushels, of brown rice until 1940, but more recently are believed to have been somewhat lower. About half of the annual crop is exported to Japan each year, 23,000,000 bushels, which amount supplies about 6 percent of Japan's annual requirements. Under the bill to control importation of Formosan rice, passed by the Seventy-fourth Session of the Japanese Diet, and effective October 1, 1939, such shipments were entirely in the hands of the Formosa Government-General.

Until 1938, exports other than those to Japan were negligible, most of the "horai" or "improved rice" going to Japan, and "zairai" or ordinary rice being consumed on the island. After the China Incident, however, sizable exports were made to China for use by the Japanese troops there.

Before the war, the Government-General encouraged native farmers to plant sugarcane (the second most important cash crop) instead of rice. Subsidies and lower tax rates were given, and coercion was sometimes used, through shutting off the water supply for paddy fields. In 1938 the Bureau of Productive Industries of Formosa announced a 10-year plan for greater diversification in the agriculture of the island. Special attention has since been devoted to cotton (unsuccessfully), castorbeans, jute, and ramie, as well as to established crops such as rice, sugar, and sweetpotatoes.



Electric power plant at Monpaitan, Jitsugetsutan Lake, Formosa.

Sugar

In 1938–39 the sugarcane crop reached 11,761,272 metric tons. About one-half the total cane-producing area is reportedly planted by the sugar companies themselves, with hired labor. The rest is planted by cane farmers, either land owners or tenants. The territory from which each central may purchase cane is delimited, and the central was formerly obliged to purchase all cane grown in that district. Prices for the 1940–41 crop, planted in 1939–40, were to be fixed under the Taiwan Sugar Industry Law, rather than by agreement among the members of the sugar association.

Formosa normally has supplied nearly 90 percent of the sugar requirements of the Japanese Empire. Sugar is the most important export crop—in 1938 representing 42 percent of the value of exports to Japan and 39 percent of total exports. In 1939, sugar production amounted to 1,418,000 metric tons, of which 1,154,000 tons were exported to Japan.

Most of Formosa's sugar output is the product of modern mills. There were 51 such mills, owned by nine Japanese companies, in 1939. About 85 percent of annual production was crude or centrifugal sugar, 12 percent was plantation white, and the remainder was native brown. Centrifugal sugar was either used in the crude state by companies in Japan, or was further processed in refineries there. Plantation white and native brown sugar were consumed chiefly in Formosa.

Importance of the sugar mills has been increased by their production of industrial alcohol. Beginning in 1937, facilities were increased so that more alcohol might be available for production of explosives, and so that it might be mixed with gasoline as fuel. Shipments to Japan rose from 163,709 koku (about 7,850,000 gallons) in 1936 to 336,778 koku (about 16,150,000 gallons) in 1939.[6] Plans, formulated in 1937 called for the production in Formosa in 1943 and following years of 28,600,000 gallons of absolute alcohol.

Tea

Tea is an old crop and one of the principal exports of Formosa—until 1938, when it was supplanted by sugar, it was the island's leading export to foreign countries.[7] Largely a hillside culture in

[6] Sugar Yearbook, published by Japan Sugar Institute, Tokyo, 1940. At the same time it should be noted that shipments to Korea declined from 4,329 koku to 720 koku (1 koku—47.65 gallons).

[7] Large sugar exports were made in 1938 and succeeding years to China, Manchuria, and the Kwantung Leased Territory.

Unique to Formosa is the system of push-car "railroad" lines. Small flat cars—"daisha" or "Taiwan vehicles"—carry several passengers or small amounts of freight, motive power being furnished by coolies. In 1937 the island had 645 miles of such lines (gage, 18 or 20 inches; rails, 10 or 12 pounds per yard). In this picture, the *first-class carriage* is the one with the top.

Taihoku and Shinchiku Provinces, it is almost entirely in Japanese hands. In the years preceding the war, the United States imported from 5,000,000 to 7,000,000 pounds of Oolong, and smaller quantities of black tea from Formosa each year.

Prior to development of synthetic substitutes—which Japan's monopoly practices stimulated—Formosa was known as the principal supplier of natural camphor, the source of 90 percent of the world's supply. The island also has ranked third (after Hawaii and Malaya) as a world supplier of canned pineapple, producing about 1,000,000 cases annually.

Minerals

Mineral resources are limited both in quantity and in variety. Some gold is mined, and also some bituminous coal, but the only minerals of much importance are copper, petroleum, and salt. The Kinkaseki gold mine, 10 miles south of Keelung, was the largest in the Japanese Empire, with an annual refined output of more than 2 metric tons. Its present importance, however, lies in its copper production, which may amount to 10,000 tons of concentrate annually.

About 90 percent of Formosa's coal is mined in Taihoku Province, in which half a dozen important deposits are located. Production amounts to about 2,500,000 tons annually, of which only around 1,000,000 tons are consumed on the island. Salt is also important as an export, shipments amounting to about 110,000 tons out of the 175,000 tons produced annually. Petroleum output in recent years is believed to have provided for only about one-tenth of the island's needs.

Electric Power

Formosa's mountains, heavy rainfall, and swift streams provide an abundant supply of water power for the generation of electricity. As late as 1938, however, this resource was largely unexploited, and even now (1943) total power capacity is probably under 500,000 kilowatts. Potential capacity in 1938 was estimated at 2,576,000 kilowatts, whereas actual power generated totaled only about 180,000 kilowatts. Another 54,000 kilowatts was generated by steam power. Establishment of strategic metal and chemical plants under Japanese wartime plans has been possible only after completion of large hydroelectric plants, and more complete utilization of the island's waterpower resources can form a basis for further industrial expansion.

Expansion of hydroelectric power has been promoted especially to increase output in the light metal, chemical, and other strategic industries. The Taiwan Electric Power Co. (a semiofficial concern) was responsible for erecting in 1934 and 1937 the Lake Jitsugetsutan power plants, which in 1939 supplied more than 85 percent of all hydroelectric power, and 64 percent of hydroelectric and steam power combined.

Power from these plants is distributed throughout the entire west-coast region of the island, as well as to Keelung in the North. Development of the Jitsugetsutan project followed a survey by an American engineering firm, and participation in June 1931 of a New York banking syndicate in floating a loan for $22,800,000 in the United States.

Manufacturing

In pre-war years, many plans for developing Formosa as a manufacturing area, with raw materials to be brought from southeastern Asia, appear never to have advanced beyond the blueprint stage, held back by lack of machinery and equipment, and especially by absence of an industrial population. In certain fields, however, substantial progress was made, among which aluminum production is the outstanding example. Nippon Aluminum Co.'s plant at Takao is one of the important alumina and aluminum producers in the Japanese Empire; and a second smaller plant has been placed in operation by the same company at Karenko. A ferrosilicon plant was established at Keelung in 1939 by the Taiwan Denka Kaisha. In the same year, an Industrial Experiment Station was established at Matsuyama, Taihoku, to lay plans for the manufacture of iron and steel—the output of these products then being practically nil.

Special efforts also have been made to develop chemical industries, especially the production of artificial fertilizers, and to increase production of machinery, vehicles, and vessels. Both the railroad rolling-stock mill, between Keelung and Taihoku, and the Keelung Dockyard have been expanded. In metal products, aside from gold and silver refining, the only production worthy of note was the manufacture of tin cans for the pineapple-canning industry. In textiles, chief production was of hemp and jute bags for shipping rice and sugar.

Foreign Trade

Formosa's exports in 1940 amounted in value to nearly 600,000,000 yen, and imports to more than 400,000,000 yen, a total of about 1,000 000,000 yen or approximately $235,000 000 U. S. currency. This indicates a per capita trade, for that year of about 170 yen (nearly $40), much higher than the corresponding figure of approximately 100 yen ($23.50) for Japan Proper. In the Far East, only New Zealand, British Malaya, and Australia surpassed Formosa in per capita trade.

Approximate Per Capita Trade of Far Eastern Countries

[In U. S. dollar equivalents]

Country	Year	Imports	Exports	Total
New Zealand	1939	108.60	127.55	236.15
British Malaya	1939	61.20	72.35	133.55
Australia	1938–39	67.25	64.20	131.45
Formosa	1937	16.55	22.70	39.25
Korea	1939	15.00	10.85	25.85
Japan Proper	1939	10.45	12.70	23.15
Philippine Islands	1939	7.65	9.85	17.50
Burma	1938–39	5.10	11.70	16.80
Netherlands Indies	1939	3.90	6.15	10.05
Thailand	1938–39	3.85	5.35	9.20
French Indochina	1937	2.60	3.85	6.45
China	1939	.85	.25	1.10

Source: Foreign Commerce Yearbook, and calculated for Philippines, Korea, and Formosa.

Exports of rice and sugar, as already stated, are the foundation of Formosan economy. Normally, sugar represented more than 40 percent of the total value

of exports, and rice another 30 percent; these products together accounting usually for nearly 75 percent of all exports and equaling, in value, the island's total imports.

Formosa's Principal Exports, 1935-37 Average [1]

[In 1,000 U. S. dollars] [2]

Principal commodities	Total	To Japanese Empire [3]
Sugar	48,953	47,922
Rice	34,240	34,234
Bananas	3,244	3,057
Canned pineapple	2,359	1,995
Alcohol	1,989	1,906
Tea:		
Oolong	897	----------
Pouchong	781	----------
Black	1,279	264
Camphor	1,367	750
Camphor oil refined [4]	536	426
Coal	795	418
Hats and caps	842	839
Fresh fish and shell fish	874	799
Sweetpotatoes, dried	611	610
Molasses [4]	288	288
Salt	401	306
Other products	13,881	10,344
Total	113,337	104,158

[1] Source: Annual Returns of Trade of Taiwan (Formosa).
[2] Exchange rates, Japanese yen in United States cents: 1935, 28.707; 1936, 29.022; 1937, 28.791.
[3] Japan Proper, Chosen, Karafuto, and the Mandated Islands.
[4] 1936 and 1937, only.

Besides the high per capita level of trade, and important share in total exports of the two crops, sugar and rice, a third—perhaps the most important—characteristic of Formosa's pre-war trade was its increasing restriction to within the Japanese Empire. Prior to the war, Japan was supplying more than 85 percent of the island's imports, and took more than 90 percent of its exports. In 1925, 20 percent of its exports went to countries other than Japan and 30 percent of its imports came from such countries; in 1918 these percentages were 24 and 33, respectively.

Trade With Principal Countries, 1935–37 Average [1]

[In 1,000 U. S. dollars]

Country	Imports	Exports
Japan and Korea	71,138	104,126
China	2,093	2,545
Manchuria	5,634	249
Kwantung Leased Territory	1,515	1,252
United States	852	1,752
Germany	769	16
United Kingdom	239	455
India	860	38
Netherlands Indies	663	185
Thailand	62	173
Hong Kong	24	1,205
Other countries	564	1,341
Total	84,413	113,337

[1] Foreign Commerce Yearbook.

This process of eliminating other countries from Formosa's trade apparently culminated in 1937, with increased trade with "foreign countries" after that year. Actually, however, most of such trade was with "yen-bloc" areas, under Japanese control, in China and Manchuria. In 1939, out of exports valued at more than 500,000,000 yen, only 13,000,000 yen went to countries outside the yen-bloc; and out of imports of more than 350,000,000 yen, only 14,000,000 yen came from countries outside that zone.

Formosa is within the Japanese tariff system, and has no separate customs tariff policy. Local customs procedure and delays made direct imports from foreign countries so difficult, however, that Formosan buyers generally preferred to import from distributors in Japan Proper. Accordingly, some imports shown in trade statistics as coming from Japan actually were of American or European origin.

Textiles, Outstanding Import

Textiles, as well as iron and steel manufactures, vehicles, and fertilizers, have been outstanding commodities in Formosa's import trade, and appear important for appraising its post-war prospects. The only textile mills of any size are those making jute, hemp, and ramie fabrics, and these are insufficient. No wool is raised, and cotton crops have been failures—1,000 or 2,000 bales being the most that could be expected. Nor has sericulture constituted an important industry. Prior to the war, imports of silk and cotton fabrics were valued at about $6,000,000 annually, and imports of wool fabrics at about $500,000. Quantity figures have never been given for Taiwan's textile imports, but quantities imported into Korea having comparable values were about 100,000,000 square yards, or approximately 16 yards per person, annually.

Metal Manufactures, Machinery

Imports of iron, iron manufactures, vehicles, and machinery also may prove of increasing importance. The island produces only negligible quantities of iron ore, and it has but three or four small manufacturers of machinery, exclusive of the Keelung dockyard. Recent reported attempts to establish iron foundries at Takao, to utilize ore from Hainan Island, may have materialized. Even so, production must be very small. Only 100,000 metric tons of iron were imported annually prior to 1937, together with 1,000 metric tons of copper, and 1,500 metric tons of lead. Annual imports of iron manufactures, construction materials, and railway materials were valued at about $500,000 each, and imports of automobiles and parts at about $1,500,000.

Fertilizer imports before the war were valued at about $15,000,000 annually. Manufacture of fertilizers has, however, been one of the important industrial developments of the past several years in the island. Factories were planned, and probably established, to manufacture more than half the island's needs of ammonium sulfate, former imports of which (nearly 200,000 tons annually) were valued at more than $5,000,000.

Imports of foodstuffs and other consumers' goods, such as beverages, cigarettes, canned foods, and clothing, also have figured in Formosa's trade. Substantial quantities of lumber and cement were imported for construction purposes.

(Continued on p. 38)

Courtesy National Geographic Society.

On Formosa's east-coast "cliff road," 36 miles long. Motor caravans are dispatched from each end twice daily and pass at scheduled resting places. The people seen here at the sides of the highway are Formosan aborigines.

Sakhalin Island—

of Which the Japanese Half Is Called KARAFUTO

By Illarion G. Matveev, *Far Eastern Unit, Bureau of Foreign and Domestic Commerce*

WHEN IN THE LATE DAYS of the nineteenth century the judge in a Russian court uttered the word "Sakhalin," the wretches before him felt desolation strike into their hearts. Even the most hardened nihilist or criminal evildoer shuddered, while from the fair and fur-clad onlookers would issue a long sigh. The word meant "exile to the end of the world," as they said in Russia—whence there was no return; where one was bound to spend the rest of his life in the wilds of impenetrable woods, with wolves and bears as his only companions.

Such was the feeling among Russians about Sakhalin, their largest and, perhaps, richest island. For nearly three decades it was, for Russians, the Ultima Thule. In the absence of railways, it took the exiles nearly a year to reach it. The penal colony was abolished in 1905, yet it continues to retain for many Russians the meaning that Alcatraz has for certain Americans, although, in its relative physical freedom, exile in Sakhalin could hardly be compared with incarceration behind the walls of a penitentiary.

The first Russian settlement at Sakhalin was established at Due, in 1853, but there were indigenous peoples before that, the aboriginal Ainu, and Mongoloid types such as the Gilyaks, Tunguses, Orochones—simple-hearted people of the North, probably kin in some degree to our own Esquimaux. Fur hunting and fishing were the attractions that brought the Russians to Sakhalin. It was covered with dense forests in which the bear was king; but wolves, foxes, sables, martens, and squirrels formed a numerous population, while the rocky coasts provided favorite breeding grounds for thousands of fur seals.

Against the northwest shore the mighty Amur River poured its flood of fresh waters from the mainland into the Straits of Tartary, and mingled with the warm Japan Current to provide a favorite spawning ground for herring, trout, salmon, and cod in incredible abundance. Crabs and many edible kinds of seaweed were other products of the coastal waters. There were undiscovered riches beneath the frozen soil of Sakhalin, coal and petroleum particularly, but the simple inhabitants did not know of these and gained all their livelihood from the fur-bearers of the forest and the denizens of the sea.

With the coming of the Russian hunters in the 1850's, and Japanese pirates at about the same time, Sakhalin's simple indigenous peoples had to give way before the advance of "civilization," so that they are now on the road to extinction.

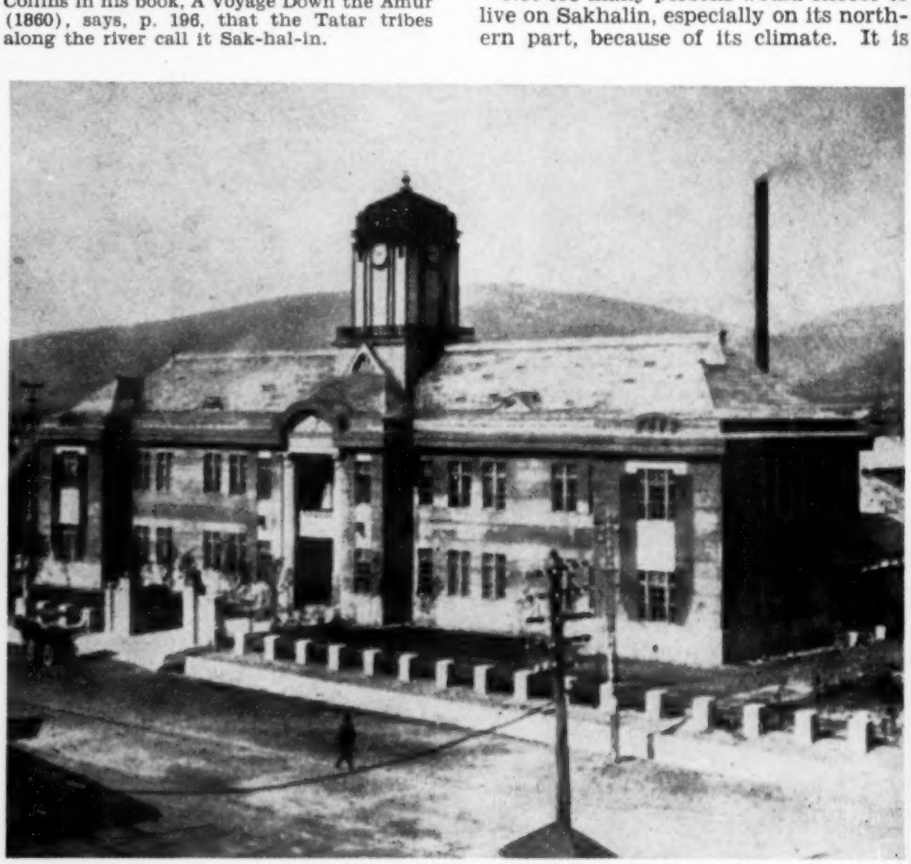
Chinese navigators anticipated both the Russians and the Japanese. Long before the Russians came, daring navigators of Chinese junks knew well the existence of the island, and Chinese records of the reign of K'ang Hsi, 1662–1723, referred to it as "Saghalien Angohoda," meaning a rock at the mouth of the Amur.[1] The Russians originally called the island "Sokolinni Ostrov," or Hawk Island; but it cannot be said, as some Russians claim, that their modern name, Sakhalin, is a corruption of their earlier name. Its form obviously springs from the island's Chinese or Tatar name, while the Japanese name of Karafuto has as obviously sprung from "Karafutan" (sometimes Taraika), the name given it by its Ainu aborigines who have inhabited it from time immemorial.

[1] L. Simonov, Dictionary of Practical Knowledge, St. Petersburg, 1884, in Russian. In Manchuria the Amur River is called Heilungkiang, or Black Dragon River, but Perry McD. Collins in his book, A Voyage Down the Amur (1860), says, p. 196, that the Tatar tribes along the river call it Sak-hal-in.

A Cold and Dreary Land

Lying just off the east coast of Siberia and separated from Siberia's Maritime and Amur Provinces by the Strait of Tartary, Sakhalin is washed on the north by the cold waters of the Sea of Okhotsk, carrying from Gizigha and Penzhina vast fields of ice which float along its coasts sometimes as late as July. On the Pacific side, however, the southwest coast is warmed by the Japan Current which makes the vegetation of Karafuto, or the Japanese half of the island, better wooded and of heavier vegetation.

Not too many persons would choose to live on Sakhalin, especially on its northern part, because of its climate. It is



Karafuto Railway Department's general offices at Toyohara.

truly a land of almost perpetual winter, the snow falling from October into May, remaining in places through July, and recommencing on the highlands in August. The highest average of the island's temperature is scarcely 40° F., and the low mean —30° F. In the southwest, where the climate is milder, the thermometer has sometimes reached 87° in August, the hottest month, but in January, the coldest, reaches as low as —40°.[2]

Changes of season are sudden, and usually characterized by a swift rise in temperature as summer approaches and an abrupt drop when the winters set in. Rain falls more abundantly in the summer and autumn months, while dense fogs frequently cover the whole area during these seasons. In consequence of its dampness, the island's humidity is rather high for a latitude so far north.

Sakhalin vs. Karafuto

The fiftieth parallel of latitude divides Sakhalin into its two component parts. The southern half, or Karafuto, is that portion of the island ceded by Russia to Japan in compliance with provisions of the Treaty of Portsmouth at the end of the Russo-Japanese War, 1904–5. Milder of climate than the Russian-owned northern half, Karafuto's terrain is mountainous, with wide valleys between. These valleys are fairly well protected from the piercing north winds, and in consequence they support considerably more vegetation than the flat, tundra-like terrain of Sakhalin.

The coast of Karafuto is characterized by long stretches ending at the south with Nishinitoro and Naka-Shiretoko Capes, respectively. On the southeast it embraces Aniwa Bay, with its port of Odomari, formerly Korsakovsk, which is connected with Wakanai (northern port of Hokkaido) across La Perouse (Soya) Strait by boats run by Japan's Imperial Government Railways. On the east lies Taraika (Patience) Bay, which, together with Aniwa Bay, is deeply dented into the terrain and provides a convenient place both for fishing and for anchorage.

Two mountain ranges run parallel through Sakhalin from north to south. Their slopes are well covered with forests, but the valleys (and especially the valley of the Paranai, or Horonyai, River) are swampy and unhealthful. The Paranai is Karafuto's largest river, being accessible for small sea craft upstream from 20 to 40-odd miles.

The total area of Sakhalin (i. e., the Russian part of the island) and Karafuto (the Japanese) amounts to 24,560 square miles, the island being 600 miles long and varying in breadth from 16 to 100 miles. It is situated between 45°57′ and 54°24′ north latitude, and in winter the narrow, shallow Strait of Tartary which separates it from the mainland often freezes across in its narrowest part. The area of the Japanese part, Karafuto, amounts to roughly about 10,000 square miles, with its greatest length 283 miles and its greatest width close to 100 miles. The area of Russian Sakhalin is just under 15,000 square miles.

Strategically Important

The strategic importance of Karafuto lies, it is said, in the coastal fortification of the Cape of Aniwa (Naka-Shiretoko) and Crillion Cape (Nishikitoro), guarding entrance into the Sea of Japan from the Pacific via La Perouse Strait. Northern Sakhalin likewise is nearly as important to Russia as Karafuto to Japan. It is a Russian "watchtower" for the Okhotsk regions, besides standing guard at the mouth of the Amur, the Mississippi of Eastern Siberia.

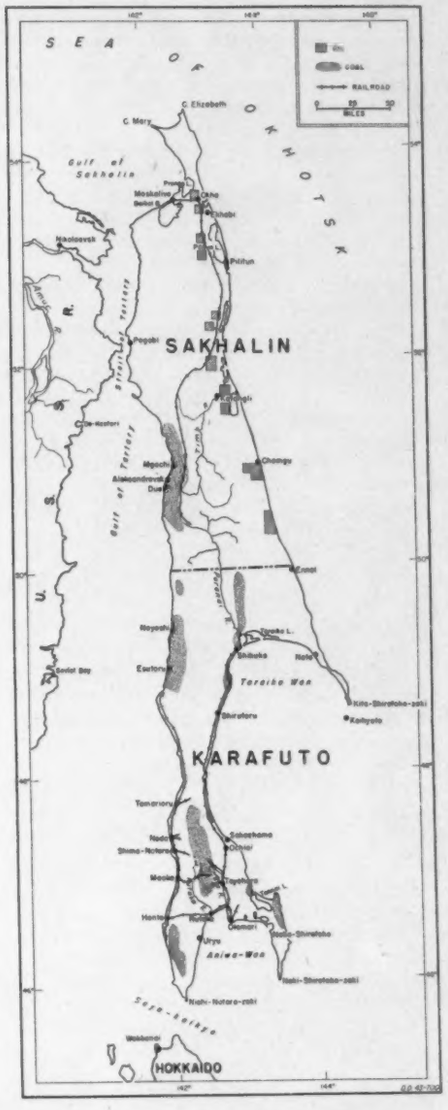
Population

Karafuto's population at the end of 1938, according to Japanese sources, was 339,357 persons, of whom 329,743 were Japanese, 7,628 Koreans, 338 persons of European origin, and the remaining 1,648 natives,[3] Ainu, Gilyaks, Orochones, and Tunguse. It is interesting to note that prior to the cession of the southern part of Sakhalin to Japan (1905) the Ainu population of the island alone numbered up to 2,000; Gilyaks up to 2,500; while together with aborigines of the Tunguse group—Tunguse proper and Orochones—the native population was in excess of 6,000.[4] Extinction of the natives—good, natural, harmless, and meek aborigines of Sakhalin—apparently carries out the saying in the Far East, "Wherever a Jap comes, death follows to everything."

The largest portion of the Japanese in Karafuto, 192,133, or more than 56 percent, were classified in December 1938 as "unregistered and thus without fixed work."[5] Apparently with this group must be included women, children, and the seasonal workers who usually arrive in Karafuto from Japan Proper during the fishing season in summer and remain idle through the winter in consequence of the discontinuance of work in the fisheries and related industries. About 38,500 were classified as agricultural and forestry workers. Another group of 28,062, or 8.3 percent of the total population, were rated as commercial.

Transportation Facilities

The chief connection of Karafuto with Japan and other parts of the world is, of course, by sea. But navigation conditions in Karafuto waters are not favorable. This is due not only to the violent storms and heavy fog of the region of Okhotsk, but also to the severe winters, when the waters of the island remain icebound for a considerable period of time—over 2 months on the western side, and 4 months on the eastern. In general, the island is well furnished with convenient places for anchorage and suitable ports, of which the most important include Odomari, Honto, and Maoka. Odomari is the most important economic center of the island, being the focal point of Karafuto's production and distribution of goods coming from Hokkaido and other parts of Japan Proper.



Maoka and Honto serve as centers of fishing and the canning of marine products. Maoka was constructed between 1921 and 1927, at a cost of about 2,500,000 yen, and Honto in the period 1916–26, at the same cost.

Railway facilities in Karafuto are developed to some extent. Total length is about 404 miles (650 kilometers), of which about 186 miles (300 kilometers) are under Government ownership and more than 217 miles (350 kilometers) belong to private concerns.[6] The main line—the Eastern—runs from Odomari, across Toyohara to Sakahama, a distance of 59 miles (94 kilometers). It was con-

[2] Official Guide to Eastern Asia, page 444, by the Japanese Government Railways, Tokyo, Japan.

[3] Far East Year Book 1940–1941, p. 903.

[4] Aziatzkaya Rossia (Asiatic Russia), Vol. I, p. 8; St. Petersburg, 1914; also Russian Encyclopedia, 1900, St. Petersburg.

[5] Far Eas' Year Book, 1941, p. 556.

[6] Constantin Popov, Economica Yaponii, p. 371; in Russian. The Far East Year Book, 1941, pp. 561–562, indicates, for the year 1938, that 376 kilometers were Government-owned and 280 kilometers private.

structed between 1906 and 1911. A continuation of this line along the eastern coast of Taraika Bay to Shikuka is in the hands of a private concern; the length of this road amounts to 149 miles (239 kilometers).

The second line of importance—the Western—starts at Honto, goes via Maoka, Noda, Tomariou, to Etsoru, having a length of 124 miles (200 kilometers). The third, known as Haosin, connects Maoka with Toyohara, 52 miles (83 kilometers). It was constructed between 1922 and 1928.

Besides these railways for general traffic, there are in Karafuto other lines of local interest and of special economic importance, such as those to coal fields or forest areas. To this category belong a spur track of the Eastern line, 13.77 miles (22 kilometers) long, connecting Kawakami coal mines with the main line, and the track from Simba to Rutaka, 11.8 miles (19 kilometers) in length, constructed in 1926.

Highways and dirt roads have also been developed to some extent in Karafuto. They connect almost all Japanese settlements on the island, as well as the places of economic and strategic importance. The total length of such roads was given in 1934 as 2,500 kilometers (1,554 miles).[7] The most important of them are those eastern and western sections which, being linked with the roads of Russian Sakhalin, provide Japan with the shortest way to Russian oil and coal fields at Oha and Moskalevo in northeastern Sakhalin, and to Pogobi in the west.

[7] Constantin Popov, op. cit., pp. 372–373.

Karafuto's Natural Resources

The largest part of Karafuto is covered with forests. The waters of the island abound with fish and are rich in edible weeds. The terrain contains numerous minerals, notably coal. The soil and climatic conditions are favorable for agriculture, but that branch of economy is still undeveloped, and Karafuto is not self-sufficient in its agricultural production.

Forestry

While broadleaf trees are numerous in the south and in the valleys, needle-leaved species predominate as a whole. Pine, silver fir, Siberian pine, larch, ash, willow, birch, and in limited proportion, lime-trees are the most common species among the 49 varieties found in Karafuto forests. The area under forest covers about 83 percent of the total territory, being estimated at 8,207,500 acres. Conifer forests cover 5,250,000 acres, mixed coniferous and broad-leaved species cover 925,000 acres, and broad-leaved varieties alone 1,200,000 acres.[8]

Prior to 1933 the development of the lumber industry in Karafuto was in three hands: Oji, Karafuto Kogyo, and Fugi companies. Since then the companies have amalgamated into one concern under the name Oji Manufacturing, having its factories at Odomari, Noda, Tomarioru, Maoka, Toyohara, Yesutoru, and Shirotoru. The total output of lumber products for 1938 was approximated at 263,959 metric tons of pulp and 181,133 metric tons of paper.[9] Total lumber production for 1940 amounted to 1,230,000,000 board feet.

[8] Northeastern Japan, pp. 446, 447; also Japan Year Book 1936, p. 1,132.

This pulp mill at Tomariforo typifies Karafuto's industrial development.

Fisheries

Fisheries output constitutes by far the most important product of Karafuto, reaching as much as 10,000,000 to 20,000,000 yen in value (normally U. S. $5,000,000 to $10,000,000 annually). The chief items are herring, salmon, trout, and codfish. Of these varieties, herring comes first in importance, accounting for two-thirds of the total catch, amounting in 1938 to 136,610 metric tons.[10] During recent years, however, the fish catch has gradually been decreasing. This is particularly true of herring, the catch of which dwindled from 385,000 metric tons in 1932 to only about 136,609 metric tons in 1938.

Relative figures for the fishing industry in Karafuto can be seen from the following table:

Principal Fishery Catches[1]

[In metric tons]

Year	Herring	Trout	Salmon	Cod
1932	384,949	5,723	821	23,220
1933	275,261	14,306	1,088	16,421
1934	405,911	8,164	1,579	14,805
1935	238,755	33,908	1,755	15,255
1936	252,859	4,316	1,376	15,345
1937	146,329	151,536	2,404	13,421
1938	136,609	8,198	1,354	11,006

[1] Far East Year Book 1941, p. 559.

Almost the entire catch of herring is used for the manufacture of fertilizer.

The center of Karafuto's fisheries is located at Maoka (an ice-free port on the west coast of the island), Shisuka, and Tomarioru.

Production of edible seaweeds is another gainful occupation on Karafuto. This industry is confined principally to the west coast and Aniwa Bay. Its annual value averages nearly 750,000 yen.[11]

Crab canning, of which Maoka is the principal center, also is well developed. The value of the product in 1938 reached 2,251,000 yen. The ultimate destination of this product was the United States. With the outbreak of the present war and the consequent loss of a market in America, it is likely that the Karafuto crab industry has been confronted with a serious setback in both production and marketing.

Crab Production, 1932–38[1]

Year	In 1,000 pieces	Canned, in cases
1932	6,192	32,041
1933	4,937	38,362
1934	3,948	54,246
1935	4,068	45,366
1936	4,092	19,291
1937	1,609	29,098
1938	1,607	42,900

[1] Far East Year Book 1941, p. 559.

[9] Far East Yearbook 1941, p. 560.
[10] Japan Year Book 1940–1941, p. 907.
[11] Far East Year Book 1941, p. 559.

Minerals

Karafuto's most important mineral product is coal. Coal fields comprise about 20 percent of the total area, which is divided into northern, southern, and central districts. The central is the largest district, running for 100 kilometers (about 62 miles) from north to south, and having a breadth of from 2 to 5 kilometers (1.2 to 3 miles). It is believed that the reserves of coal in the area already investigated exceed 2,000,000,000 metric tons.[12] The largest output of coal for a single year, according to official Japanese sources, is 3,435,396 metric tons for 1938, while the average output for the 6 years beginning with 1933 is about 2,162,000 metric tons. Production for 1939 and 1940 was estimated at 3,000,000 and 3,200,000 metric tons, respectively.

The largest and perhaps the most productive of Karafuto's coal mines is that of Kawakami, which extends over about 800 hectares.

Petroleum is next to coal in importance among mineral products. Development of Karafuto's petroleum products, however, appears to be relatively insignificant, as Japan has preferred to conserve its reserves of oil at the expense of Soviet oil, which Japan procured from Russian Sakhalin. However, the liquefaction of artificial petroleum from coal in Karafuto deserves attention. At the 74th Session of the Imperial Diet in 1939 it was decided by the Imperial Fuel Industrial, the Mitsui interests, the Mitsubishi interests, the Oji Paper, the Oriental Development Co., and other organizations to establish a Sakhalin Artificial Petroleum Co., a 40,000,000-yen concern, one-quarter paid-up in the initial stage, to be jointly financed by those companies. The new concern was to undertake the development of the Uchibuchi coal mine in Karafuto (southern Sakhalin) at the first stage, and to embark upon a large-scale production of artificial petroleum by the adaptation of the direct liquefaction process with Uchibuchi coal as raw material. The official inauguration of the new concern was scheduled for late May 1939.[13]

Among other mineral products of Karafuto should be mentioned gold, which is found in limited quantity in the sand of Paranai River, and quicksilver, found in the neighborhood of Odomai. It is said that the quicksilver content of that ore amounts to as high as 60 percent.[14]

Sakhalin Coal and Oil

With the consent of its allies, Japan in 1918 sent a large force into Siberia, to "help the Czechoslovaks," who were supposed to be "lost" somewhere far east of the Urals. Japan was expected to "cooperate" on an equal basis with the 7,000 troops of the American Expeditionary Force in Siberia; but actually 75,000 Japanese went into Siberia, and instead of helping the Czechoslovaks they began to help themselves, from Vladivostok to Baikal. After 4 years' domination of the Russian Far East, they cleared out from the Maritime Province in 1922, but only in 1925 were they induced to withdraw from Sakhalin by grants of important concessions for the exploitation of coal and oil.

The Treaty of Peking, 1925, between the U. S. S. R. and Japan, granted subjects of the latter country rights to develop coal and oil in the territory of Russian Sakhalin for a period of 45 years. Regions for development of coal included that of Due, an area of 3,195 acres; of Vladimirsky, 3,296 acres; of Mishansky, 5,594 acres; of Agnevo, near Alexandrovsk, 1,136 acres. To what extent Japan has benefited from these concessions can be seen from the following data:

Japanese Imports of Coal From Russian Sakhalin

Year	Metric tons
From Japanese concessions only:	
1929	116,300
1930	109,700
1931	[1] 116,800
Total imports, including those from Russian coal fields:	
1934	200,800
1935	[2] 228,100
1936	[3] 249,300

[1] Constantin Popov, "Techno-Economicheskaya Basa Yaponii" ("Techno-Economic Base of Japan") pp. 54–55; in Russian.
[2] Vneshnaya Torgovlia U. S. S. R., 1934, 1935 (Foreign Trade of the U. S. S. R. for 1934 and 1935); in Russian.
[3] Statistica Vneshney Torgovli U. S. S. R. (Statistics of the Foreign Trade of the U. S. S. R.), for 1936; in Russian.

Oil for Japan

The import of oil from Sakhalin to Japan was considerable prior to the outbreak of the present war. According to the contract entered into between the Soviet Government and the Japanese concern Kita Karafuto Sekiu Kabushiki Kaisha (North Sakhalin Oil Co.) December 8, 1925, the latter acquired for a period of 45 years the exploratory and drilling rights on 8 tracts aggregating about 14,000 acres and covering the semi-proven oil fields of Northern Sakhalin. These tracts were checkerboarded into 100-acre parcels, owned alternately by Russia and Japan.

Sakhalin Island's Oil [1]

[Barrels 42's U. S.]

Year	Japanese share of crude production	Import into Japan
1930	1,558,000	1,347,000
1931	1,634,000	1,984,000
1932	1,641,000	2,170,000
1933	1,654,000	2,267,000
1934	1,426,000	2,343,000
1935	910,000	1,741,000
1936	1,190,000	1,315,000
1937	1,179,000	1,627,000
1938	1,074,000	1,102,000
1939	978,000	[2] 1,250,000

[1] All production emanates from northern or Russian-owned portion of Sakhalin Island.
[2] Estimated.

The contract also granted Japan, for 11 years, the exclusive right to explore the oil and natural-gas resources on some 280,000 acres located in the same general region and to select, each year, within the area, an aggregate of 2,600 acres for oil development. This selected area was to be likewise checkerboarded and alternately owned in 100-acre parcels. The Japanese were obligated to pay a minimum royalty of 5 percent on pumping wells when the total daily production reached approximately 575 barrels, and

(Continued on p. 27)

"Gilyaks" of Sakhalin. From official Soviet publication.

[12] Far East Year Book 1941, p. 559.
[13] Asahi Shimbun, April 28, 1940.
[14] Constantin Popov, op. cit., p. 372.

News by COUNTRIES

Argentina

Tariffs and Trade Controls

Financial and Economic Convention Signed with Paraguay.—On November 17, 1943, a financial and economic convention was signed by Argentina and Paraguay. This convention provides a means of settling the merchandise trade balance between the two countries—usually a substantial Argentine export balance—and provides also for the encouragement, by the Argentine Government, of the investment of Argentine capital in Paraguay for development purposes. The convention is to become effective 30 days from the exchange of ratifications and will remain in force for a period of 2 years.

The principal provisions of the convention are as follows:

1. The balance of trade between the two countries will be determined every 3 months on the basis of the c. i. f. value of Argentine exports to Paraguay and the f. o. b. value of Paraguayan exports to Argentina.
2. The central banks of the two countries will agree on the means of settling such balances, such agreement to include the following:

(*a*) Purchase by the Argentine Central Bank of such exchange from the Paraguayan Central Bank and from exporters of Paraguayan products to Argentina as they will sell.

(*b*) In case the Argentine peso proceeds of the exchange mentioned in (*a*) are not sufficient to cover the balance mentioned in (1), the Argentine Central Bank shall purchase the equivalent of up to 10,000,000 Argentine pesos per year in Paraguayan guaranis.

3. If, at the termination of the convention, the Central Bank of Argentina has a balance in Paraguayan guaranis, the Central Bank of Paraguay will liquidate such balance at the rate of 10 percent per year, without interest, in Argentine pesos or in other available exchange. The rate of exchange applicable to these liquidation installments will be that which prevailed at the time of the purchase of Paraguayan exchange by the Argentine Central Bank.
4. The Argentine Government obligates itself to stimulate the investment of Argentine capital in Paraguay to develop industry and production. For this purpose it will send a technical mission to Paraguay to study economic possibilities. Investments resulting from this activity by the Argentine Government shall be financed by the sale by the Argentine Central Bank of the necessary Paraguayan guaranis, thereby reducing the bank's holdings of such funds.

Transport and Communication

Projected Railway to Link Argentina With Bolivia.—An Argentine-Bolivian Commission was constituted in Buenos Aires on November 22, 1943, charged with control and supervision over the construction of the first section of the projected railroad from Yacuiba on the Bolivian border, to Santa Cruz de la Sierra and Sucre, Bolivia. The portion of the railroad linking Yacuiba with Villa Montes is to be constructed by Argentina at an estimated expenditure of 12,200,200 Argentine pesos.

Belgian Congo and Ruanda-Urundi

Tariffs and Trade Controls

Beverages of Local Production: Export Permits Required.—All beverages of local production were added to the list of products for which permits are required for exportation from the Belgian Congo and Ruanda-Urundi, effective from July 15, 1943, by legislative ordinance No. 203/Fin.-Dou. of July 5, published in the Bulletin Administratif of July 10.

[See FOREIGN COMMERCE WEEKLY of June 20, 1942, and May 1, 1943, for announcements of export permit requirements.]

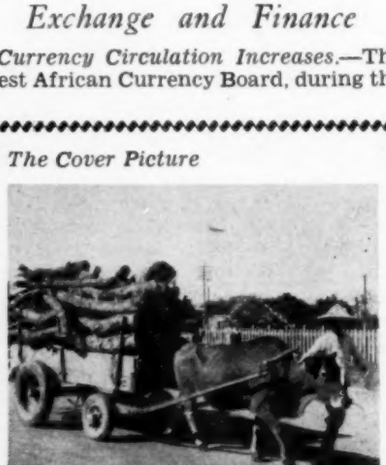
British West Africa

Exchange and Finance

Currency Circulation Increases.—The West African Currency Board, during the fiscal year ended June 30, 1943, issued currency against payment of sterling in London to the amount of £6,190,500, which was nearly £2,000,000 more than in the preceding period, and the third largest issue since the creation of the Board in 1912.

Wartime demand abroad for West African produce and direct military expenditure within West Africa are responsible for the abnormal demands for currency.

The Cover Picture



In Formosa's Capital

The cover picture this week shows a curious combination—primitive crudeness and a thoroughly modern accessory—in Formosa, the big Japanese-controlled island off the South China coast which was formerly a Chinese possession. Here we see a peasant's oxcart with *rubber tires* moving wood into the city of Taihoku from a nearby village. Taihoku, the Formosan capital, lies in the northern part of the island and is reported to have somewhat more than 200,000 people today.

This picture is "by Evans, from Three Lions, Publishers."

British West Indies

Economic Conditions

SITUATION IN BARBADOS

General business conditions in Barbados, British West Indies, continued favorable throughout October. Importers' stocks were partially replenished during the month, but shortages of some types of merchandise continued. China, glassware, and earthenware, as well as household goods, including lamp burners were among the items which were unavailable. Food stocks remained adequate, though choice was limited. The cost-of-living index number was 170 at the end of September, compared with 166 in June, July, and August.

Because of the large shipments of sugar and molasses during September, only small stocks remained on hand and these were expected to be moved by the end of January 1944. Although up to the end of September the cane crop was reported as backward, rainfall in October was very beneficial. The acreage sown to cotton is estimated to be double that of last season and with favorable weather so far, and precautions being taken against insect damage, a better-than-average cotton crop is anticipated. The Government cassava factory was increasing its output and it was expected that production rates would increase when the installation of additional drying equipment was completed.

Canada

Exchange and Finance

Scope of Payments Broadened on Terminated Government Contracts.—Canadian concerns whose war contracts are canceled may be given compensation not specifically provided for in the contract specification, according to the terms of a recent order in council widening the authority of the Minister of Munitions and Supply. Contracts in general provided that the contractor would be reimbursed for the cost of uncompleted work and would receive a fair and reasonable profit on work that was

done. The new ruling permits the Department of Munitions and Supply to reimburse the contractor for costs and expenses incurred after the termination date, as a result of such termination, but which may not be directly or wholly apportionable to the canceled contract. Such expenses may include the costs of canceling obligations, preparation of accounts and statements with respect to work performed or commitments made, wages which the contractor is obligated to pay to employees whose services are no longer required by reason of such termination, inventory costs, and the costs of moving and storing equipment no longer required for use in connection with other contracts.

Tariffs and Trade Controls

Coffee Extracts and Substitutes Exempted from Additional Duty of 10 Cents Per Pound.—Imports into Canada, from any source, of coffee extracts, substitutes, and all imitations of coffee and substitutes therefor, including acorn nuts, are exempt from the additional duty of 10 cents per pound effective November 1, 1943, according to customs memorandum No. 47 (T. C. 143) issued by the Department of National Revenue, Ottawa, on November 23.

The war-exchange tax of 10 percent ad valorem still applies on imports of coffee extracts and substitutes when imported from non-Empire sources.

It is understood that the 10-cents-per-pound duty has been eliminated so as to keep landed costs down and to enable the coffee extracts and substitutes to continue to be sold under established price ceilings. The coffee extracts and substitutes are specifically excluded from import subsidy.

Certain Fresh Vegetables and Fish Subject to Export Permit; Export Control of Tree Fruits Tightened.—Fresh beets, parsnips, and turnips, and fresh frozen flounders or soles, filleted or not, are added to the list of commodities which are prohibited exportation from Canada to any destination except under export permit issued by the Department of Trade and Commerce, Ottawa, according to customs memoranda effective November 8 and November 18, 1943, respectively, issued by the Department of National Revenue, Ottawa, on November 5 and 12.

It was announced by the Minister of Trade and Commerce that export control of vegetables is necessary in order to protect the price ceilings which came into effect in November 1943 and to keep a sufficient supply of vegetables in Canada for domestic use.

The Minister further stated that a large part of the total Canadian fish catch will be consigned to the United Kingdom, and export control of flounders and soles is necessary, in addition to the control already exercised over other varieties of fish, to protect the Canadian domestic supply and to insure sufficient quantities for the Canadian commitments to the United Kingdom. No export permits will be granted for flounders and soles for the present, nor until such time as the supply situation warrants it.

Fresh tree fruits of any kind now require an export permit when exported from Canada to any destination. Prior to the above order effective November 10, 1943, shipments of fresh tree fruits to the United States or the British Empire were not required to be accompanied by export permits.

As a result of the order, the subsidy of 65 cents per case payable on oranges must be returned to the Commodity Prices Stabilization Corporation, Ltd., and the check in payment thereof must accompany the application for permit to export oranges.

Transport and Communication

Railway Earnings.—Gross earnings of the Canadian National Railways increased to $40,032,000 in September 1943, compared with $36,946,000 in September 1942, states the foreign press.

There was an advance of $2,493,000 in the operating expenses which totaled $27,521,000. Aggregate net earnings from January 1 to October 1, 1943, totaled $72,118,000, or an increase of $9,357,000 over the total for the first 9 months of 1942.

Chile

Exchange and Finance

Exchange Revision Increases the Costs of Imported Goods.—Under regulations issued in Chile on December 10, 1943, exchange for all imports except sugar, cotton sewing thread, newsprint and cellulose, and oil seeds will be sold only at the "D. P." rate of 31 pesos per dollar or equivalent rates for other currencies. Prior to the new regulation, about 20 specific items regarded as prime necessities were entitled to exchange cover in whole or in part at 25 pesos per dollar, and the remainder, including the balance of privileged imports, was paid for with exchange acquired at 31 pesos per dollar. The new regulation will have

Pertinent Comments on World Economy Today

[Being one of a series of excerpts from books, pamphlets, and speeches]

Planning of Post-War Direct Investments Abroad

If, after successful conclusion of the war, conditions are conducive to the exportation of capital, American corporations will endeavor to establish plants in foreign countries. It would be unfortunate, however, if each individual corporation were to make its plans independently, without regard to a general policy. If a plan of procedure on a national scale is not devised and effectively applied, there might develop a scramble among American corporations to establish factories abroad.

This might result in the construction of competitive plants with an aggregate volume of production beyond the absorptive capacity of the market, with obvious adverse effects on both the foreign country and the American investment. *It is imperative that such a situation be prevented* through careful planning by the capital-exporting country.

It would be advisable to organize an American committee on foreign direct investments composed of representatives of such organizations as the National Association of Manufacturers, the Chamber of Commerce of the United States, the Investment Bankers Association, and other organizations interested in sound economic relations between the United States and foreign countries. This committee, in cooperation with the various Government departments and agencies, such as the State Department, the Department of Commerce, the Department of Agriculture, the Office of Economic Warfare, and the Export-Import Bank, should study the natural resources, economic potentialities, and industrial needs of foreign countries.

Specifically, the following information should be obtained: (*a*) the types of industries that could be successfully developed in each country and (*b*) the most suitable form of organization from the standpoint of ownership—that is, whether the enterprise should be owned entirely by Americans or jointly by American and domestic capital. The committee should ascertain the attitude of the foreign governments toward foreign direct investments and study the tax systems and the laws relating to development of natural resources and industries. Thus, the committee would be in a position to advise American concerns as to which country is most suited for their plans and the best procedure to follow in establishing factories abroad.

The committee could become the clearinghouse for information for all parties concerned, including the foreign countries eager to attract foreign direct investments, and could play an important role in preventing American corporations from making costly mistakes. The lack of such a central organization during the 1920 decade of large capital exports by this country was to a certain extent responsible for the over-borrowing and subsequent defaults by some countries.

The committee should operate only in an advisory capacity, as it would be undesirable to grant an institution the power to veto decisions of individual enterprises to establish plants abroad. It is obvious, however, that some phases of the flow of direct investments abroad will have to be regulated.

(From "The Outlook for Post-War American Investments Abroad," pamphlet issued by the Institute of International Finance of New York University, New York, N. Y.)

Jap's Need of Shipping Is Acute

How desperate the Japanese need for shipping space has become is evident from a recent report by the Tokyo radio which announced that the Military Administration of the Netherlands Indies held a 3-day "transportation conference" in Bukit Tinggi, on Sumatra's west coast. One of the items on the conference agenda was a discussion of the need for more wooden ships, to replace those lost to Allied submarines.

The seriousness of the enemy's shipping problem is indicated by Tokyo's remark that part of the conference was to be devoted to "reports concerning the salvaging of a sunken ship."

the effect of increasing the import cost, in pesos, of the affected items by from 10.7 percent to 24 percent.

Tariffs and Trade Controls

Reduction of Duty on Hydrogen Peroxide.—The import duty on hydrogen peroxide, item 892 of the Chilean customs tariff, was reduced from 1.35 to 0.90 gold peso per gross kilogram by decree No. 3964 of the Minister of Finance, dated November 17, and which became effective December 1, 1943. With the surcharge of 300 percent which is applied to convert gold pesos for customs purposes, the new duty is equivalent to 3.60 paper pesos per kilogram.

Colombia

Tariffs and Trade Controls

Import Permit Requirements Modified.—Imports of all commodities into Colombia were made subject to the requirement of a prior import permit, issued by the National Superintendency of Imports, under provisions of decree No. 2,001, effective from January 1, 1944. For shipments of merchandise subject to export control in the United States, however, and for which individual export licenses are necessary, the "Import Recommendation" required heretofore will continue to be used in place of the import permit.

The decree also authorized the National Superintendency of Imports to draw up lists of commodities classified as essential or nonessential to domestic economy, and to establish priority ratings for the issuance of import permits.

[Holders of the circular, Preparing Shipments to Colombia, International Reference Service, vol. I, No. 2, should make note of the above requirements under the heading of Import Permits.]

Transport and Communication

Roadbuilding.—Colombia's Carretera al Mar (Road to the Sea), from Cali to Buenaventura, was scheduled to be open to traffic by January 1944, although a part of the work is temporary and some of the wooden bridges will be replaced later with construction steel. The road, which is about 88 miles in length, is of major importance to the Cauca Valley.

Several other road-building projects are now going forward in Colombia. In the Department of Valle, roads are being built between Lemos and Versalles, Tulua and Frazadas, and between Sevilla and Purnio San Antonio.

Another transport undertaking is the road across the central Andean range between Palmira, Valle, and Quinche in the Department of Tolima.

A bridge over the Cauca River at Hormiguero, about 12 miles south of Cali, will shorten the distance by highway to Popayan by 31 miles.

In the Department of Narino, a road is being constructed between Pasto and Puerto Asis. Its completion is expected to stimulate trade between Colombia and Brazil.

Airport Planned.—A new airport is to be built 11 miles from Cali, Colombia, on the main highway to Palmira. Plans have been completed and it is expected that construction will be started in January 1944. The airport will be managed jointly by Panagra and Avianca.

Costa Rica

Tariffs and Trade Controls

New Tariff Item Created to Cover Certain Petroleum Products.—A new item was created in the Costa Rican import tariff to provide for various petroleum products hitherto unspecified in the tariff, with a duty of 0.20 colon per gross kilogram, under provisions of Presidential decree No. 78, published and effective November 16, 1943. The products included in the new item are petroleum ether, ligroin, naphthenes, and white spirits. Benzine, previously specified and dutiable at 0.40 colon per gross kilogram, has also been added to this list.

This action was taken for the purpose of assisting the country's industries by lowering the costs of basic materials required for their development.

Dominican Republic

Economic Conditions

Retail trade in the Dominican Republic continued at a high level during November, principally as a result of the extensive program of construction under way in Ciudad Trujillo in preparation for the Dominican centennial celebration in February 1944. Government labor pay rolls were larger than normal, and unemployment was at a minimum. No food shortages occurred, but the supply of rice and corn in Ciudad Trujillo was much below normal. This shortage, however, was due to the lack of internal transportation rather than scarcity of supply. Through the end of November total exports for the calendar year showed an increase both in volume and value over exports for the entire year of 1942, and the year 1943 is expected to show the greatest value in exports in the history of the country.

Sugar producers expressed concern over the labor supply for the sugar harvesting, and the possibility of utilizing Haitian workers was being considered. Shipments of sugar were small, and a large quantity remained on hand. Small quantities of cocoa from the winter harvest were arriving at ports, and, as a result of the large shipments, the high prices received, and the additional quantities available for exportation, the year 1943 was expected to be the most favorable ever experienced by the cocoa industry. At the end of October, coffee exports were higher both in volume and value than all coffee exports made during 1942. No rice had been made available for export from the present harvest. Considerable amounts had accumulated in Santiago, but it was believed that most of this would be used for local consumption and that exports to Puerto Rico would be limited.

Ecuador

Exchange and Finance

Congress Authorizes Establishment of Bank of Provincial Development.—Under a law passed on October 6, 1943, and effective as of January 1, 1944, the Ecuadorian Congress authorized the establishment of the National Bank of Provincial Development. The principal office of the Bank shall be in Quito, and at least one Associate Provincial Bank shall be established in each Province except the two which comprise the Ecuadorian Oriente.

The Mortgage Bank of Ecuador is merged with the new bank as of December 31, 1943. In addition, all of the "portfolios" held by branches of the Central Bank of Ecuador on August 31, 1943, except those at Guayaquil, Cuenca, and Manta, as well as the buildings, furniture, equipment, etc., of such branches, are transferred to the Bank of Provincial Development.

The principal purposes of the National Bank of Provincial Development are: (a) To promote the development of agriculture, livestock, and industry, especially small industry; (b) the development and protection of savings; (c) colonization and subdivision of land; (d) the organization and financing of agricultural and industrial cooperatives; and (e) the compilation of the statistics of production, values, and the like, which agriculturists, stockmen, and industrialists are required to report annually to the bank.

Operations of the Bank are to include the granting of ordinary commercial loans to business in those Provinces in which there are no commercial banks; the granting of mortgage loans for periods up to 20 years, and other loans for periods up to 10 years; acceptance of current, time, and savings deposits, and

the payment of interest thereon; the issue of bonds or other evidence of indebtedness; the construction and operation of warehouses; agricultural experimentation; importation and sale of agricultural and industrial machinery and tools, seeds, fertilizer, raw materials, and of articles of prime necessity; and the granting of loans to municipalities for the construction and improvement of warehouses and public marketing facilities and to Public Welfare Boards for the purchase of medical supplies.

The authorized capital of the Bank is 100,000,000 sucres (about $7,000,000) which may be increased by the Bank's Board of Directors, with the approval of the Superintendent of Banking. The capital is to consist of shares issued in exchange for:

(a) The capital of the Mortgage Bank of Ecuador, which amounts to about 26,000,000 sucres.

(b) The value of the portfolios, buildings, furniture, and equipment acquired from the Central Bank.

(c) The Government's holdings of 5,000,000 sucres in class C shares of the Central Bank. The Central Bank is required to cancel the class C shares and to deliver their value to the National Bank of Provincial Development.

(d) Voluntary subscriptions by the public.

(e) Compulsory purchases by industrialists and merchants, including exporters and importers, in amounts equal to 5 percent of their annual profits in excess of 36,000 sucres. These payments are to be assessed against profits earned in the years 1943 to 1947, inclusive.

(f) Compulsory purchases by agriculturists during the years 1944 to 1948, inclusive, at the rate of 5 sucres for each 1,000 sucre valuation in rural properties if the value of such property exceeds 100,000 sucres.

(g) Compulsory purchases by borrowers from the Bank in amounts equal to 2 percent of their loans if such loans exceed 10,000 sucres.

In addition to funds derived from the issue of its shares and from other sources mentioned above, the Bank will receive from the National Government for 10 years a contribution of 20 percent of the taxes collected on rural property. Funds from this source will constitute a reserve for unforeseen requirements and will not be invested in whole or in part without the authorization of the Minister of Finance. The Bank is not required to issue stock nor to otherwise compensate the Government for these funds.

Tariffs and Trade Controls

New Taxes Created on Cigarettes and Brandy.—The Ecuadoran Government on September 30, 1943, enacted taxes of 5 centavos on each package of national cigarettes, 50 centavos on each package of foreign cigarettes sold in the country, and 50 centavos for each liter of aguardiente (alcoholic beverage produced in Ecuador) which the monopoly sells. Although this decree was effective September 30, 1943, the tax will be collected commencing January 1, 1944.

Proceeds from these taxes will be used for improvements in the Provinces of El Oro, Baja, Napo-Pastaza, and Santiago Zamora, in the form of loans, for building and repairs, for acquiring real estate, and for the purchase of livestock and tools.

Transport and Communication

New Highway Link Completed.—The Cuenca-Loja link of the Pan American Highway in the Sierra section of Ecuador was expected to be open for traffic by the end of 1943.

Cuenca, 190 miles south of Quito, is the capital of the Province of Azuay and the third city of importance in the Republic; Loja is the capital of the Province of Loja.

French Cameroun

Tariffs and Trade Controls

Cocoa; Increased Proportion of Defective Beans Tolerated for Exportation.—The proportion of flat, empty, insect-infested, rotten, or generally defective cocoa beans tolerated for cocoa exported from French Cameroun was increased temporarily from 12 percent to 16 percent, by an order of September 24, 1943, published in the Journel Officiel of French Cameroun on October 1, 1943.

Gold: Export Sales Tax Removed.—Gold in ingots, powder, and leaves was exempted from the export sales tax of 2 percent ad valorem upon exportation from French Cameroun, by an order of August 10, 1943, published in the Journal Officiel of French Cameroun on October 1.

French North Africa

Tariffs and Trade Controls

Certain Leather Articles: Export-License Tax Fixed in Morocco.—An export-license tax of 200 francs per net kilogram has been fixed on certain morocco and other leather articles exported from French Morocco, effective from September 1, 1943, by an order of August 31, published in the Bulletin Officiel of September 10.

The articles taxed include articles of flexible or hard morocco or fancy leather; albums and album covers for collections; valises, handbags, traveling bags, and the like; and worked leather belts.

Imports From Algeria Subject to Import Permit in Tunisia.—Imports into Tunisia from Algeria were made subject to an import permit granted by the Director of Finances, upon advice of the competent Administration, effective temporarily and until a new order, by an order of June 1, 1943, published in the Journal Officiel Tunisien of June 12.

Wheat Flour and Semolina: Rebates to Millers Revised in Tunisia.—The rebates paid to flour millers and semolina manufacturers in Tunisia, for all quantities intended exclusively for local consumption, were revised, effective from February 22, 1943, by decrees of March 18 and May 6, published in the Journal Officiel Tunisien of April 15 and May 13, 1943, respectively.

These rebates were reduced from 33.65 francs to 18 francs per 100 kilograms of flour sold for local consumption, and increased from 29.35 francs to 36.50 francs per 100 kilograms of semolina sold to a manufacturer of food pastes.

To take account of previous increases, and for the period from January 1 to February 21, 1943, millers were to receive a supplementary rebate of 12.75 francs per 100 kilograms of flour, and of 16.30 francs per 100 kilograms of semolina extracted at 90 percent.

[See FOREIGN COMMERCE WEEKLY of April 3, 1943, for announcement of previous change.]

Certain Building Materials: Special Sales Taxes Increased or Imposed in Tunisia.—Special sales taxes were increased or imposed in Tunisia on cement, lime, and certain other building materials, effective from March 1, 1943, by an order of April 28, published in the Journal Officiel Tunisien of May 4, 1943.

The new rates are as follows (former rate on cement and lime in parentheses): On sales of each producer and importer of cement, 20 (6) francs per metric ton; hydraulic lime, 15 (6) francs per metric ton; and gravel and sand, 3 francs per cubic meter; and on sales by each producer of gray plaster, 10 francs per metric ton; bricks, 15 francs per thouand; and tiles and hollow tiles, 50 francs per thousand.

Gold Coast

Exchange and Finance

Savings Certificates Promote Thrift in the Colony.—Sales of Gold Coast savings certificates, first offered to the public in August 1941, have averaged more than £5,000 a month, according to the annual report of the Gold Coast Post Office Savings Bank, published in the Gazette on August 28, 1943.

Sales during the 8 months ended March 31, 1942, were 51,939 unit certificates valued at £43,499 and redemptions 555 unit certificates valued at £465.

The Postmaster General of the Gold Coast reports that sales during 1942–43 have shown considerable improvement.

The certificates, which are regarded as an integral part of the "Thrift" campaign in providing an additional outlet for long-term savings, sell for 16 shillings 9 pence, maturing at 20 shillings in 6 years.

Tariffs and Trade Controls

Applications for Import Licenses.—Applications for licenses to import consumer goods from countries other than the United Kingdom will be considered by the Comptroller of the Customs, it was announced in the Gold Coast Gazette of September 25. Applicants must produce documentary evidence from the suppliers that the goods for which licenses are required are available.

Tires Retreading Materials to Enter Duty-Free.—The Gold Coast customs tariff ordinance has been amended to permit materials which are to be used exclusively for retreading tires to enter duty-free, according to the Gold Coast Gazette of September 25, 1943.

Haiti

Economic Conditions

Despite a brisk import trade, general business conditions in Haiti during October (the first month of the Haitian 1943-44 fiscal year) were slow, reflecting the recent generally below-normal export trade. Business in Port-de-Paix was reported dull as a result of the coffee situation, while Cap Haitien sales were reported as merely satisfactory. Port-de-Paix and St. Marc continued to benefit from an enlivened export of bananas.

In St. Marc and Gonaives, trade in foodstuffs with the Bahama Islands continued during the first part of the month; coffee deliveries were good, and general business conditions were correspondingly satisfactory. However, suspension of operations by SHADA in the St. Marc area had an adverse effect during the latter part of the month, driving business well below normal.

Heavy rainfall in the south interrupted crop deliveries with attendant repercussions on business; coffee prices were quoted as high in Petit Goave, Aux Cayes, and Jacmel. The cocoa crop, believed to be smaller than usual, was beginning to move to port in small amounts.

Price Control and Rationing

Efforts continued during October to bring prices under increased control. Prices were established on some items of cotton goods imported from Mexico, on thread of United States origin, and on wrapping paper. The fixed prices on gasoline and on certain cigarettes were lowered. In accordance with the law of March 23, 1943, regulating exports of certain staple products, export of all varieties of beans was prohibited on October 14, 1943, until further notice, while export restrictions on corn were relaxed. This was the first instance in which the ban on exportation was relaxed.

Export Commodity Trends

Coffee exports during October were well below average, and the crop moved to port very slowly, largely as a result of the rigid application of the new Coffee Code. The carry-over into the 1943-1944 year amounted to approximately 50,000 bags of 60 kilograms each. While coffee prices to the peasant producer have been generally good in the north, coffee has not moved to port in usual quantities. Increased banana exports reflected the improvement in the shipping facilities over last year. The Commodity Credit Corporation purchased 35,600 short tons of the 1943 Haitian sugar crop, and a shipment to Switzerland was expected in the near future. October sugar shipments were insignificant. Cotton normally does not move until the spring, and only a small quantity was sent to Curacao in October. No cocoa was exported during October.

Foreign Trade

Haitian foreign trade in October was greater than in any comparable month since 1934; import values exceeded those in any previous October since 1930, while exports were below those of the corresponding month last year.

Cap Haitien, Port-de-Paix, and St. Marc showed increased export quantities and values in October compared with the corresponding month in 1942. Declines were registered at Fort Liberte and Port-au-Prince, while other ports showed no exports. The decline in the dominant position of Port-au-Prince is evidence of improved shipping facilities.

India

Wartime Commodity Controls

Sugar Price Control.—The Sugar Controller ordered on September 14 that the wholesale price at which Khandsari sugar may be sold within specified districts of the United Provinces may not exceed 14.25 rupees per maund, and that in other parts of India the wholesale and retail prices may not exceed the specified basic price per maund, plus such other charges as are approved by the Sugar Controller.

[The instruction was given under the recently enacted Sugar and Sugar Products Control Order, 1943, which was mentioned in Foreign Commerce Weekly for November 20.]

(A rupee is worth approximately 30 cents; a maund is 82.29 pounds. Khandsari sugar is a crude sugar produced from the juice of sugarcane. Although it represents only a small part of India's total production of sugar and is gradually being replaced by the factory-produced product, it has been found necessary to control the price of Khandsari sugar along with other sugar products.)

Lebanon

Transport and Communication

Bypass Road Completed.—To obtain uninterrupted use of the highway connecting Beirut and Tripoli (the second-largest port in Lebanon and an important railway and highway junction) a bypass road has been completed.

This bypass is some 4½ miles long and was built in 100 days by approximately 3,000 men. It obviates the use of a 37-mile section on the main coastal road which is not passable during the rainy season.

Kenya

Wartime Commodity Controls

Manufacture of Pyrethrum Powder Now Controlled.—Pyrethrum powder may be manufactured only under a permit issued by the Director of Produce Disposal, according to the Defense (Control of Pyrethrum) Order published in the Kenya Gazette of September 21, 1943.

No manufacturer may dispose of such powder except by permit. Sales of pyrethrum powder bought from the manufacturer for resale purposes are limited to 2 pounds per person in any 1 calendar month.

Martinique

Wartime Commodity Controls

Automobiles, Tires, and Tubes: Control Established Over Sales and Distribution.—The sale and distribution of automobiles, tires, and tubes in Martinique has been placed under control of the Director of Public Works, and activities involving these articles can be effected only with the permission of the control authority, according to order No. 1211, published in the Journal Officiel de la Martinique, October 23, 1943. Under this order, owners of automobiles must file two declarations—one giving the number of vehicles owned, type, location, essential characteristics, and the use to which

Sudan Railway's "Public-Enlightenment" Car

Several years ago the Sudan Railway in the Anglo-Egyptian Sudan equipped a railway car with a magic lantern, a silent movie projector, and a small portable generator. This car toured the system, giving performances at wayside stations, especially for employees of the railway.

Since the outbreak of the war, the "movie-car," now equipped with a sound projector, has been even more widely used. Latest war films, with Arabic commentaries, Government-information shorts, and educationals are shown. Regular itineraries are announced, and from 400 to 600 persons frequently gather at stations to see the shows.

In order that people living considerable distances from the railway may benefit from the movies, the railway company sometimes transports the projection equipment by truck to isolated villages and presents special performances.

"Sic(k) Transit"

Dutch refugees are telling today, with grim, ironic relish, this supposedly true story:

An arrogant German, waiting for a train at a railway station in the occupied Netherlands, left the platform to wash his hands. When he returned, he found, to his consternation, that his suitcase was missing. Failing to find it, the Nazi raged furiously. Addressing a Netherlander who was standing nearby, he roared, with apoplectic countenance: "What a ghastly country, where I just go out to wash my hands, and return to find my suitcase gone!"

With immobile features, the Netherlander answered: "But you ought to hear what happened to *me*. About a month ago I was in Berlin, at the station that you call the Anhalter Bahnhof. Like you, I went out to wash my hands. When I got back, my suitcase was gone—the platform was gone—and, as a matter of fact, *the whole Anhalter Station* was gone!"

The Nazi said nothing.

put; whether in working order, in service, inactive, or withdrawn from circulation. The second declaration—which must report the make, body type, and registration of the automobile, and the serial number and potential mileage of each tire—also applies to owners of all other vehicles (agricultural, delivery), hand or animal drawn, equipped with tires which could be utilized on automobiles, and to repairers of tires.

The purchase, sale, or transfer of automobiles and of new or used tires and tubes are subject to authorization from the Service of Public Works. Declarations on all transfers, as well as withdrawal from circulation of any automobile, will have to be filed by the old proprietor together with a certification of purchase by the new owner.

Cards, giving complete identification of tires and tubes, which are issued by the Service of Public Works must be available on demand by the proper authorities, must be visaed every 3 months, and within 10 days after any intervening modification.

Netherlands West Indies

Transport and Communications

Airport Under Construction on St. Martin.—An airport is under construction on St. Martin, Netherlands West Indies. This airport makes it possible to replace the indirect route from the United States via Curacao with a direct air line via Puerto Rico and St. Thomas, a foreign trade publication reports.

Nicaragua

Economic Conditions

The economic outlook in Nicaragua was generally favorable in October. Foreign trade made substantial advances, exports being more than double and imports several times larger than in October 1942. As a result of the relatively large number of vessels which arrived during the month, the customhouse at Corinto overflowed with merchandise. Heavy rainfall in the coffee-growing regions reportedly hastened the maturity of the current crop and brightened the prospects for the 1944 harvest. Rice and corn exports for the year constituted a record. It is expected that because of heavy rainfall the sesame crop will be reduced to about 8,000,000 pounds and that the cotton yield will also be lower as a result of the ravages of the boll weevil. Gold exports were heavy, although some necessary mine equipment was still lacking. There was no apparent decrease in the high cost of living.

Agriculture

The increased rainfall during October improved the outlook for most agricultural products, except for sesame and cotton. The coffee-crop estimate remains at between 220,000 and 240,000 bags (of 60 kilograms each) compared with 200,000 bags for last season, which was considered an unusually poor crop. Coffee harvesting was expected to start by the middle of November.

Rice-growing conditions were favorable in some sections of Nicaragua, especially along the Atlantic coast, where more than 5,000 acres in the Escondido River Valley had been planted. In the important rice-producing regions of the Departments of Managua and Leon, on the other hand, it was believed that the rainfall occurred too late to improve harvest prospects, and the 1943 rice crop was expected to fall short of that of last year. All October rice exports went to the United States and consisted mostly of class A rice from 1941–42 stocks.

Although the drought greatly lessened the first corn crop in the Departments of Managua and Leon, prospects for the second crop were good. Sizable exports of corn went to Mexico in October.

The outlook for the sugar industry was encouraging. Production for the 1943–44 season was expected to exceed the 27,000,000 pounds of granulated sugar produced during the past refining season. Stocks of sugar-mill replacement parts were greater than a year ago, and it was understood that an export market exists for high-quality Nicaraguan sugar in other parts of the Americas.

Damage caused by the boll weevil in October was expected to reduce the cotton crop to 9,800,000 pounds. There was no lack of a market since Guatemalan cotton buyers were offering attractive prices, and the new cotton spinning and weaving mill on the outskirts of Managua was expected to begin operations in 1944.

Mining and Construction

The two largest gold mines in Nicaragua were operating 24 hours per day but were unable to attain maximum production because of the lack of a few necessary materials and of heavy trucks for transporting the ore to the mill. Gold exports for the first 10 months of 1943 showed a decrease of 4 percent from the corresponding period of 1942.

A small vein of rock coal was discovered at Zapasmapa, near Managua, and was being explored to determine its size and value.

Permits were issued in September and October for the construction in Managua of 24 dwellings of "taquezal," or cheap rock masonry reinforced by wooden supports. The construction of dwellings of a better type reportedly was held up by the shortage of such items as hardware and window glass.

Employment

Cessation of work on the Pan American Highway and completion of other construction released more than 1,000 laborers at the end of October many of whom returned to the farming regions or found employment elsewhere. Some unemployment, however, was believed to exist although there is generally a shortage of skilled workers in Nicaragua.

Cost of Living

The cost of living remained high. It had been expected that the discontinuance of work on the Pan American High-

Bus Service on Inter-American Highway

Press reports from Nicaragua announce the early inauguration of an international bus service along the line of the newly completed Inter-American Highway, which is a part of the Pan American Highway System. Busses carrying passengers and express will run from Managua—capital of Nicaragua—through Honduras, El Salvador, and Guatemala and across the Guatemala-Mexican border to the Mexican town of Tapachula about 10 miles beyond the Talisman Bridge which marks the boundary between these two republics.

This new motor transport service will therefore unite five republics and will touch three national capitals—Managua, San Salvador, and Guatemala City—besides passing through nearly a hundred villages and smaller communities.

The 735-mile route is reported to be in excellent condition with the exception of one short stretch linking Nicaragua and Honduras, and even that section is passable.

The recent completion of the highway bridge across the river between El Salvador and Honduras has made this through service possible.

Colossal Financial Burden

Holland's national debt has increased nearly threefold and the total of its short-term obligations more than fourfold in the 3½ years of German occupation.

The Nieuwe Rotterdamsche Courant reported on November 23 that the total state debt of the Netherlands had increased from 3,910,000,000 guilders ($2,111,400,000) on September 30, 1939, to 9,770,000,000 ($5,275,800,000) on September 30, 1943. The debt on the earlier date consisted of 880,000,000 guilders in short-term obligations and 3,030,000,000 guilders in long-term obligations. On the latter date these amounts were 3,570,000,000 guilders and 6,200,000,000 guilders, respectively.

From January until the end of September 1943, according to the Rotterdam paper, the tax revenue of occupied Holland increased from 850,000,000 guilders to 977,000,000 guilders, while claims against other countries, as a result of goods supplied and services rendered to Germany, rose from 1,750,000,000 guilders in the beginning of 1943 to 2,770,000,000 guilders on September 27.

The amount due from Germany, the Nieuwe Rotterdamsche Courant added, was not financed by the treasury but by the Netherlands Bank, which has been notably collaborationist since its presidency was taken over by the Dutch Nazi M. M. Rost van Tonningen. The Bank took over the claims against Netherlands bank notes and bank balances.

On October 29, the British Ministry of Economic Warfare reported that the amount due the Netherlands, through Germany's blocked-mark system and the nonpayment for imports, was about 5,700,000,000 marks—or approximately 4,104,000,000 guilders—with the annual rate of increase estimated at 1,900,000,000 marks—or approximately 1,368,000,000 guilders.

way would result in a decrease in rentals, but only a few houses at extremely high rentals were available for rent in Managua. A large furnished house in the capital rents for $300 per month, United States currency; a furnished apartment for $200, and unfurnished houses from $120 to $130, none of which are screened or have hot water facilities. The Gran Hotel, which had been taken over by the construction company for its employees, was to be opened to the general public about the first of the year, which will help to relieve the shortage of living quarters in Managua to some extent.

Announcement was made on October 19 that the Nicaraguan Board of Control of Prices had prohibited the exportation of hogs and lard and were favoring imports of lard in an effort to lower prices. Imported canned goods as well as fresh beets, carrots, and tomatoes continued to increase in price, while the price of local vegetables decreased seasonally.

Foreign Trade

Both imports and exports increased considerably over September and a tremendous expansion was registered over October 1942. The facilities of the port of Corinto were taxed to the utmost during the first week of October when five vessels were in the port at the same time, and subsequently 16 more unloaded cargoes.

The principal items of the import trade were cotton goods, chemicals, pharmaceuticals, flour, petroleum products, cement, iron, steel, hardware, machinery, automotive products, asphalt, coal, salt, tobacco, bags, canned goods, paper, and glassware. Exports consisted principally of coffee, gold, cocoa beans, mahogany logs, pine lumber, rubber, cattle hides, live cattle, nispero gum, sugar, rice, corn, and peanuts.

Palestine

Economic Conditions

The appointment by the High Commissioner of a War Economic Advisory Council was announced in the Palestine Gazette, November 11. The functions of the Council are to advise the Government on means of obtaining the fullest cooperation of the public in the operation of war economic measures, and to promote public understanding of these measures. The Council is to consult with the Government Controllers regarding the administration of war economic policy and to advise the Government on issues arising out of these consultations. The Council is further to consider any question in the field of production, supply, and distribution, which may be referred to it by the Government or otherwise.

Portugal

Transport and Communication

Merchant Marine Expansion.—Portugal's merchant marine, having been augmented by construction and the purchase of German ships tied up at ports in Angola and Mozambique, as well as the purchase of a few Latin American vessels, is larger than it was before the war. One of the main purposes of the expansion is to improve transportation with Portuguese possessions, says a foreign technical publication.

Spain

Transport and Communication

New Air Services.—Air services radiating from Madrid, Spain, to Barcelona, Lisbon, Seville, and possibly Valencia, were expected to be placed in operation during December by the Compañía Mercantil Anónima Iberia (Iberia).

Iberia also operates a service between Seville and Tetuan.

Sweden

Transport and Communication

Freight Index Figures Show Increase.—The Baltic freight index compiled by Svenska Handelsbanken, Stockholm, Sweden, showed a further advance to 304 in October, from 303 in September and 301 in August (August 1939=100). This resulted from increased freight rates for pulp, for which commodity the index advanced 3 points. In the corresponding month in 1942, the combined index was 314 and in 1941 was 299.

Aviation Developments.—A substantial appropriation for Swedish aviation and air lines probably will be requested in the 1944–45 budget, a foreign technical publication states. This will be used principally to enlarge and build airdromes. Swedish nonmilitary aircraft, it is reported, flew 27,000 flying hours during 1942 compared with 24,000 in 1939.

A route to serve northern Sweden, with Stockholm and Lulea as termini and stops at Sundsvall and Ornskoldsvik, is being considered.

Switzerland

Tariffs and Trade Controls

Importation from Specified Countries Permitted Only Against Payment in United States Dollars.—Effective December 9, 1943, import permits and guaranty certificates for goods imported into Switzerland from specified countries will be granted only if the importer enters into an agreement with the Swiss Central Office for Supervision of Imports and Exports to pay for such goods and accessory expenses with United States dollars authorized for this purpose by the Swiss National Bank, by ordinance No. 4 of the commercial division of the Swiss Federal Department of Public Economy, dated December 7, 1943.

The countries specified in this ordinance are: The United States of America, Arabia, Bahama Islands, Bermuda, Bolivia, Brazil, Canada, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, Guatemala, the Guianas, Haiti, British Honduras, Honduras, Irak, Iran, Iceland, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, Puerto Rico, Salvador, Uruguay, Venezuela, British West Indies, and French West Indies.

Provision is made for exceptions from this requirement. Import permits and guaranty certificates granted heretofore are unaffected, and guaranty declarations for payments in dollars previously approved remain in force.

Transport and Communication

Proposed Airdrome.—A new airdrome to cover 250 acres is to be built in Basle,

Switzerland, to meet the needs of the postwar intercontinental air traffic, states a foreign transport publication.

Venezuela

Tariffs and Trade Controls

Import-Permit Requirements Modified.—Prior import permits, issued by the Venezuelan Import Control Commission are required for all imports into Venezuela valued at 100 bolivares (approximately $31) or more, except: (1) Merchandise for which individual export licenses are required by the United States Government for shipment to Venezuela, and (2) a specified list of essential foodstuffs and raw materials for Venezuelan industries, under provisions of a decree of October 5, effective from November 5, 1943.

Shipments of goods in the first category remain subject to the requirement of an Import Recommendation, as heretofore, except that importers in Venezuela must obtain an additional copy of the import recommendation form for submission to the customs officials, together with the other necessary documents, at the time of customs clearance.

The second class of goods exempted from the import permit requirement comprises a list of articles classified under 59 items of the Venezuelan tariff, including wheat flour, oats, barley, rye, industrial fats and oils, gums and resins, petroleum and its derivatives, cement, various chemical products, biologicals, specified medicines and pharmaceuticals, workmen's gloves and shoes, educational materials, printed books and magazines, and materials imported for mineral exploration and the like. Imports of these goods will be admitted without restriction as to quantity and without the formality of an import permit or import recommendation.

[Holders of the circular, Preparing Shipments to Venezuela (International Reference Service, vol. I, No. 5) should make note of the above changes in the section entitled "Import Licenses."]

Sakhalin Island—

(Continued from p. 19)

a maximum royalty of 15 percent when the daily production aggregated 8,250 barrels or more.

The chief oil wells operated by Japanese concessionnaires are located at Oho, Ehabi, Nootovo, and Katangli.

Statistics pertaining to recent production and export of coal and oil from Sakhalin are, for obvious reasons, not available.

Great Possibilities

In the production of coal and oil Soviet Sakhalin is one of the richest industrial regions of the U. S. S. R. The fishery, fur, and lumber enterprises also appear promising, but, aside from oil and coal, economic development is still in the embryonic stage. Figures of production are, however, incomplete, unreliable, and not very recent. Soviet Sakhalin produced about 4,500,000 barrels of petroleum in 1941.

Sakhalin's population rose from 11,000 in 1929 to 83,000 in 1933, and at that time the Soviet Government maintained a number of clubs, several theaters and libraries, and about 104 schools, including the Normal School and the Petroleum Technical School.

Prior to establishment of the Soviet regime in Russia, Sakhalin was given little thought as a potential economic factor in the country's life, though prospecting for oil and minerals had been conducted by Russian engineers as far back as 1889, as well as by Engineer Kleine in 1899 and Engineer Pulnitzov in 1906. Coal had been discovered and mined as far back as the 1860's. It was the great distance from the thickly populated parts of Russia, the lack of proper roads, and the difficulties attendant upon far-off Sakhalin's defense which precluded earlier development of the resources of the island.

Real development of Sakhalin's natural resources arose out of World War I, and the needs peculiar to the last part of that struggle—1917–18—as well as of Japan's intervention in Siberia in 1918–25. During this time Japanese explorers and prospectors revealed to their Government the island's potential riches. Such great Japanese concerns as Mitsui, Mitsubishi, Okura, Sumitomo, Shibusawa, Asano, then undertook there the development of Sakhalin's coal and oil resources, and since Japan's withdrawal in 1925 the Soviets have merely continued development of their work.

Sakhalin's Timber Resources

The forests of Soviet Sakhalin are of good quality and almost three-quarters of its area is covered with trees. According to investigations made by the Japanese War Office before seizure of the area in 1920, the total amount of timber was estimated at about 1,400,000,000 koku, or 14,000,000,000 cubic feet. After Japanese occupation, their timber estimate dropped to about 500,000,000 koku, or 5,000,000,000 cubic feet.

Among the types of trees indigenous to Sakhalin (totaling about 60 varieties) the Siberian cedar and silver fir command the greatest commercial value. The former covers almost the entire territory except the southern and western coastal areas. Silver fir grows chiefly in the southern region; it is used mostly for building construction and for packing cases, and is also a valuable pulpwood. Likewise, the Siberian cedar has many uses, being especially suitable for railway ties and telegraph poles, and in the construction of mine supports, bridges, and the like. Statistics pertaining to the extent of Sakhalin's lumber industry are not available.

Coal Resources Rich

The location of the richest coal beds is in the southwestern part of Sakhalin, just opposite the petroleum zone. According to the latest available statistics, estimated resources of Sakhalin coal amounted to 6 percent of the U. S. S. R. total, or 2,500,000,000 tons, almost wholly bituminous. Veins of ore exist for the most part very near the outer soil stratum, and many are found exposed upon the actual surface. Consequently, mining is exceedingly easy and comparatively inexpensive.

The most important coal area is located in the Due district. Coal from mines in this region is high-grade asphaltic coal which is nearly akin to anthracite, and is strong-burning. It is suitable for use in iron foundries. The total amount of coal reserve of the Due mines is estimated at more than 10,-

(Continued on p. 36)

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NAVY 3 FLIERS
These Navy fliers went down in the Pacific, existed thirty-four days, journeyed 1,000 miles and lived through a typhoon, on a RUBBER life-raft eight feet long and four feet wide. The rubber on your car would make four of these life-rafts. You help to
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Inspiration from Better Farm Equipment and Methods, May - June 1942
Department of Commerce

News by COMMODITIES

Aeronautical Products

Aircraft Production in Sweden

Two new types of aircraft are being turned out in Sweden, says a foreign technical publication.

Reportedly a single-seat fighter is being constructed in Government aircraft factories, and a medium bomber is being built by the Svenska Aeroplan A. B. The motors are said to be of the radial type.

Automotive Products

Wider Use of Gas Generators in Bulgaria

All motor vehicles being operated in Bulgaria have been ordered equipped with gas generators by the end of 1943, says a November report.

Ecuador to Purchase Fire-Fighting Equipment

Three fire-fighting units (trailer type) are to be purchased by the Government of Ecuador for the Province of Los Rios, the sum of 97,300 sucres (approximately $6,900) having been set aside for that purpose. This action of the Government reportedly was prompted by the fact that some towns in the Province have been destroyed by fire several times.

A large unit is to be provided for Babahoyo, the capital of the Province, and smaller units for Montalvo and Ventanas.

Nazi Chauffeurs To Make Own Fuel?

Laboratories of the I. G. Farbenindustrie in Germany have discovered a new, quick method of obtaining synthetic gasoline from coal, a foreign publication reports. The chief chemist of the Farben works claims that gasoline will be produced not in a factory but in the motor vehicle itself. The driver, without technical or chemical knowledge, can learn in a few hours to be his own fuel manufacturer. The cost of the new product is further reported to be one-tenth that of the fuel formerly obtained from coal.

Between 1933 and 1938, Germany's production of oil by synthesis, hydrogenation, and low-temperature carbonization is said to have increased 10 times. The increase was due largely to the work of I. G. Farben in the field of production by synthesis and hydrogenation, and of Braunkohle-Benzin A. G. in the field of production by low-temperature carbonization.

Since 1938, output has risen still more. It is *estimated* that the present synthetic production in German-controlled Europe may total 42,000,000 barrels annually.

Chemicals

Sulfuric-Acid Production in Belgium

Production of sulfuric acid in Belgium is now concentrated in nine plants, a European chemical magazine reports.

Before the war, the industry had an annual production of about 800,000 tons of acid, but after imports of raw materials—pyrites, blende, lead sulfide, and copper ore—stopped, it was necessary to place restrictions on the use of the acid. Its use was prohibited in the manufacture of ammonium, sodium, and potassium sulfate, also in certain industrial processes.

When some imports of raw materials were received in 1941, resumption of the use of sulfuric acid was permitted in the rayon industry, for superphosphate manufacture, and for metal dipping.

Hydrogen Peroxide Production in Canada

Canadian Industries, Itd., is producing sufficient hydrogen peroxide to meet all of Canada's requirements, a British chemical publication reports.

The company's hydrogen peroxide plant at Shawinigan Falls was established in 1935.

Fertilizer Allotments Reduced in Germany

Another reduction has been made in German fertilizer allotments, a European chemical magazine reports.

Nitrogen quotas will be only 50 percent of the last pre-war year, it is stated. Potash deliveries have been cut to 70 percent; a reduction of 10 percent had been announced earlier.

Alcohol From Bananas Contemplated in Jamaica, B. W. I.

The establishment of a new industry in Jamaica to produce ethyl alcohol from bananas is contemplated.

Proposed as a wartime measure, a plant would be set up to use rejected bananas as raw material. This project, it is expected, would prove of considerable assistance to the banana industry.

New Chemical Developments in India

Ammonium chloride and commercial hydrochloric acid can be manufactured from the bitterns salts, says a report of the Chief Chemist, Central Board of Revenues, Government of India.

The local production of ammonium chloride from village refuse also has been investigated at the request of the Defense Department.

It has been suggested that equipment be imported into India for the production of ammonium sulfate and other artificial fertilizers, a British chemical magazine reports.

This was one of the recommendations made by the All-India Food Grains Policy Committee in its recent report.

Match Production in Nicaragua

Nicaraguan match production during the first 9 months of 1943 showed a decline, compared with the corresponding period in 1942, owing chiefly to a shortage of potassium chlorate during August and September.

The production index for the first 7 months of 1943, before the shortage occurred, showed a slight increase over January–July 1942.

Lactic-Acid Manufacture, Union of South Africa

A chemical firm in Port Elizabeth, South Africa, now produces lactic acid on a scale sufficiently large to supply all the current needs of the domestic tanning industry and to leave a balance for export to other territories.

Lactic acid, formerly imported chiefly from Germany, is now manufactured entirely from local raw materials.

New Exporting Agency Registered in U. K.

Pamtas, Ltd., has been registered in the United Kingdom as a central exporting agency to act for British tar-acid producers, an English chemical magazine reports.

Through this organization, producers and distributors handle exports of tar acids to the United States. Working arrangements have already been in force for several months.

Coal

Swiss Coal Mine Installs "Flotation" Machine

At an anthracite mine in Valais, Switzerland, a so-called flotation machine has been installed to improve the quality of the coal by removing the ash from the anthracite. The cost of the machine is more than 300,000 francs, and it has a daily capacity of 30 tons.

Coal Exports, Union of South Africa

Shipments of coal from South Africa, as shown in the records of the South African Railway, totaled 787,089 long tons for July, August, September, and October, 1943. Shipments in October 1943—amounting to 234,731 tons—showed a considerable increase over the 194,191 tons reported for the preceding month.

Shortage of Coal in Yugoslavia

A shortage of coal in Yugoslavia resulted in the discontinuance of the gas

supply to private homes, and public and industrial establishments were requested to limit their consumption to a minimum.

A previous request that gas consumption by householders be cut in half did not bring the desired results.

Construction

Research Laboratories Erected in Australia

The Melbourne (Australia) Metropolitan Board of Works has erected water-research laboratories for the purpose of investigating problems of pipe coatings, electrolysis, soil mechanics, chemistry, bacteriology, hydraulic engineering, and purification of sewage, states the foreign press. The estimated cost of construction was £46,000.

Many Silos Erected in Bulgaria

During 1943, 7,500 new silos were constructed in Bulgaria, states the Nazi press. Since the project began in 1940, 15,000 silos—having a total capacity of 1,000,000 cubic meters—have been put into use.

Building Activity in Colombia

Building activity in Barranquilla, Colombia, during November showed a slight increase over preceding months, although the total was still less than in normal times. Several houses were under construction, and the Prado Hotel was being enlarged by erecting apartments behind the main building.

The new filtration plant in Medellin, Colombia, began in October to supply purified water to the central part of the city. Outlying districts were expecting to be furnished with the same service by November.

Construction Data, Habana, Cuba

Construction activity in Habana, Cuba, during September 1943 totaled 9,814,907 pesos in value, falling short of the total construction value of 11,303,573 pesos for the corresponding month of 1942, but far surpassing the September 1941 figure of 8,515,215 pesos. Building construction begun in September 1943 was reported at almost 1,000,000 pesos more than in August.

Construction jobs begun during the first 9 months of 1943 had a total value exceeding that for the full calendar years 1937, 1938, and 1939. This excess for 1943 may be attributed to increased cost of construction materials and higher wages, rather than to more jobs. During the first 9 months of 1941, the number of jobs started was 21.3 percent greater than in the corresponding period of 1943, yet the 1941 value for these months was exceeded during 1943 by 15 percent.

The following table shows the number and value of building construction jobs started during each of the first 9 months of 1941, 1942, and 1943:

Month	1941		1942		1943	
	Number	Value	Number	Value	Number	Value
		Pesos		*Pesos*		*Pesos*
January	178	947,136	129	1,075,000	82	665,682
February	159	817,213	116	877,495	97	651,488
March	173	714,695	173	1,525,964	109	872,246
April	153	972,421	179	1,785,470	101	624,104
May	178	1,153,810	149	1,704,438	106	775,056
June	160	914,107	139	1,226,725	146	1,256,097
July	146	1,005,508	121	1,624,461	141	1,370,626
August	140	1,041,792	72	785,823	153	1,303,355
September	145	948,533	63	698,197	192	2,296,253
Total	1,432	8,515,215	1,141	11,303,573	1,127	9,814,907

Hungary Attempts to Relieve Housing Shortage

The Office of Public Works in Hungary expects to construct 100 small apartment buildings in 1944, and also is planning to convert 204 garrets to apartments, the Nazi press claims.

In an effort to alleviate the housing shortage, the Municipality of Budapest is permitting the transformation of 113 garrets to dwellings.

Sweden's Production of Prefabricated Houses

A factory for the production of prefabricated houses is under construction in Sweden. It was reported in October that the factory would be available for small-scale production by November 1, 1943, and would be entirely completed in February 1944, when it would employ a total of 900 workers.

Although prefabricated houses require a wooden frame, other parts are built of wood fiberboards, which, theoretically, may be assembled in 2 hours. A simple "wedgelike device" is said to be an adequate substitute for nails and screws. Alternate use of porous and hard boards insures stability and insulation. Parts of houses are interchangeable, so that doors and windows may be placed as desired.

Construction Project in Panama Abandoned

Abandonment, at least temporarily, of a project to construct a series of four or more salt depositories or warehouses in the salt-producing regions of the Republic of Panama has been announced by the Banco Agro-Pecuario of the Republic.

Business Is the Greatest Single Force for Social Good

"Dragooning" Rumania's Petroleum Industry

Great efforts have been made to increase oil production in Rumania, with the help of German capital and technicians, claims a Nazi source. Neutral sources have estimated crude-oil production in 1942 at 37,866,000 barrels. New drillings in 1942 exceeded those of 1941 by 60 percent.

It is expected that future drillings will be carried on by an association of 19 companies. All crude-oil processing plants in Rumania, except those producing less than two carloads daily, must form an association with its headquarters in Bucharest, the Nazi press continues. The association is to finance for members the completing of machinery, installations, and repairs made necessary by war damage. Net profits of companies undamaged are to be shared with concerns which have been damaged.

In place of the planned new structures, two old buildings have been purchased and others have been rented.

Cork and Products

Manufacture of Cork Products, Australia

A modern plant has been installed by a company in Perth, Australia, for the manufacture of cork rods and disks.

Production has started, and a substantial part of the output is being sent to States in eastern Australia.

Rumania's Cork Imports

Rumania normally imports from 800 to 1,000 tons of cork annually from Spain and Italy.

However, because of clearing and transportation difficulties, Italy recently has been the sole source of cork supplies to Rumania.

Electrical Machinery and Equipment

Electric-Power Production in France

French railways are consuming about 13 percent of the electric power produced in the Pyrenees area, states the foreign press. The Fabreges power plant, in the Ossau Valley, has begun operation; in the eastern Pyrenees, La Cassagne and Font-pedrouse stations have been enlarged; and a power plant at Thues (to the east of Fontpedrouse) has been completed. The

Textile Conditions in Baltic States

Textile industries in Estonia, Latvia, and Lithuania were discussed recently in a press report from Nazi-controlled central Europe. This indicates that the cotton industry in Estonia was highly developed, but admits that most mills have been destroyed, only 1 being able to function at this time. Latvia's 13 cotton mills reportedly had 120,000 spindles and 1,600 looms.

Numerous woolen mills were also destroyed, but the Axis claims that Estonia still operates 22,000 spindles, Latvia 30,000, and Lithuania 9,000. Of a total of 1,000 looms, more than 25 percent are in Estonia, 50 percent in Latvia, and the rest in Lithuania.

Flax mills are said to have suffered slighter damage, Estonia still having 6 mills with over 16,000 spindles and nearly 500 looms, some of which are operating on substitute fibers. Latvia has 11 mills, with nearly the same capacity as Estonia, and Lithuania has 7 mills with about 6,000 spindles and 300 looms.

Genissiat power station on the Rhone River is still under construction.

Hungary to Produce More Power

Five power plants are reported by the Nazi press to be under construction in Hungary. One is said to be located near the bauxite mine (Bauxitbanya Rt.) in the western part of the country; one, in the coal region of Matra Mountain, will supply current to Budapest; and a 60,000-volt station is being built in Transylvania. Two hydroelectric plants are being constructed in the Carpathian Mountains to furnish power to the Transylvania steel mills.

Foodstuffs and Allied Products

Coffee and Cocoa

Colombian Coffee Situation

Coffee production in Colombia from October 1, 1942, to September 30, 1943, was officially placed at 5,282,659 sacks of 60 kilograms each (1 kilogram=2.2046 pounds). Estimates for the present quota year (October 1, 1943, to September 30, 1944) place the harvest at about 5,000,000 sacks.

Exports during October amounted to 260,581 sacks. It was expected that November exports would exceed those of October.

Costa Rican Coffee Crop

The Costa Rican 1943–44 coffee crop will probably amount to 378,000 bags of 60 kilograms each, according to estimates made by the Coffee Exchange Office.

Receipts of coffee berries in October 1943 were estimated by the Coffee Exchange Office to yield 23,256 bags of coffee compared with 26,077 bags in the corresponding month of 1942.

Sales of coffee in October were 46,356 bags, compared with 19,705 bags sold in October 1942.

Cocoa Crop, Dominican Republic

The winter cocoa crop in the Dominican Republic will probably amount to from 8,000 to 9,000 metric tons.

Harvesting of the winter crop was begun around November 1, and it is reported that toward the last of the month small quantities of cocoa began to arrive at Dominican ports.

Dominican exporters are in a relatively favorable financial position. Exports during the first 10 months of 1943 showed an increase of 45 percent over the amount exported during all of 1942 and a gain of 51 percent over the value received in 1942.

Fish and Products

Salmon and Pilchard Catch, British Columbia, Canada

As of November 20, 1943, the salmon pack in British Columbia, Canada, amounted to 1,239,375 cases—approximately 30.6 percent below the pack (1,786,279 cases) on the corresponding date last year.

The pack of sockeye totaled 164,863 cases, or only about 25 percent of the pack in the comparable period of 1942.

Canneries anticipate that the total pack this season will be between 1,250,000 and 1,280,000 cases, as compared with a pack of 1,811,558 cases in 1942.

As of November 20, 1943, the catch of pilchards in British Columbia amounted to 81,426 tons. The 6 production plants operating this season have produced 14,599 tons of meal and 2,103,344 imperial gallons of oil from this catch and, in addition, a pack of 80,014 cases. The catch this season is the highest on record and is slightly more than 23 percent greater than the catch in 1942, when 65,884 tons of fish were caught, yielding 11,550 tons of meal, 1,622,840 imperial gallons of oil, and a pack of 46,451 cases.

Fruit Trees in Demand in Bulgaria

There is a large demand for fruit trees in Bulgaria, the Nazi press says. Although State nurseries produced more than 1,000,000 seedlings for distribution in 1943, it was necessary for the State to purchase additional trees from private nurseries.

It was expected that approximately 100,000 hectares (1 hectare=2,471 acres) would be planted in new orchards in 1943.

Sugars and Products

Costa Rican Sugar Production

Sugar production in Costa Rica in 1943 amounted to 16,140 short tons, compared with 1942's record crop of 23,000 tons.

Sugar Production, Dominican Republic

Final computation for the 1943 sugarcane grinding season in the Dominican Republic indicated a total production of about 473,000 short tons as of October 31, 1943. Shipments from that crop are said to have been disappointingly small, and more than 363,000 tons of sugar remain on hand.

Dominican sugar producers expected to begin grinding the new crop in December instead of in January as in 1943. They ascribe the earlier beginning to the large amount of cane to be cut.

Vegetables and Products

Tomato Crop, Bahamas, B. W. I.

About 1,700 acres in the Bahamas, British West Indies, have been planted in tomatoes with a potential output for the 1943–44 season of 150 lugs to the acre (1 lug=30 pounds), according to recent estimates. In 1942–43 about half this acreage was in tomato cultivation.

Since the first shipments of this season's crop, the fruit has matured quickly. While some fruit in certain sections has been attacked by rust, growing conditions, for the most part, have been favorable.

Tomato growers in the Bahamas may receive seed, fertilizer, and other aids from the government and pay for them when the shipping season is over.

Glass and Products

Window-Glass Production in Chile

The only window-glass factory in Chile, the Fábrica Nacional de Vidrios Planos de Lirquen, reportedly is one of two producers of window glass in South America. The plant produces about 950,000 square meters of 2-milimeter glass a year, and present expansion is expected to result in continuous production of about 120,000 square meters monthly. In the past, about 3 out of 18 months were spent in repairs and in rebuilding ovens. The company has a capital of 30,000,000 pesos (about $1,000,000). It supplies about 75 percent of Chile's needs for window glass and exports small quantities to Argentina.

All raw materials are available in Chile, the basic sand being obtained in nearby Coronel.

Output of Glassware Factories, Concepcion, Chile

In the city of Concepcion, Chile, there are three comparatively small glassware factories producing mostly hand-made tableware, all of which is sold in Chile.

The largest factory has 120 to 140 employees, and a monthly output valued at about 300,000 pesos; a second firm has 100 to 120 employees, and a monthly production valued at 160,000 pesos; and a third company has about 100 persons employed.

The quartz is obtained from a small mine near San Rosendo.

German Glass Industry

Conversion of the German glass industry to the production of simplified and standardized ware on a war basis has involved coordination of plants, the utilization of total plant capacity, and economy in use of fuel, says the German press. Each plant now specializes in the manufacture of the item assigned to it, and 10 trade associations regulate production and marketing for the industry. Raw materials present no serious problem for practically all can be easily obtained in the country.

The manufacture of sheet glass is confined to a few large plants, but hollow glass is made in very small plants as well as in larger ones, according to reports. Automatic and semiautomatic processes have been introduced in many factories. The production of sheet glass and bottles is automatic. In the hollow-ware industry, the change to automatic processes involved extensive alterations; however, in many plants the workers were skilled workmen and the changeover was not difficult. Importation of machines from Belgium facilitated the conversion. Of the 235 glass works, accounting for 75 percent of the total output of German glassware, between 60 and 70 are now completely mechanized.

It is reported that the production of better-quality glassware based on skilled workmanship is permitted in a few plants to maintain export trade, but only men who cannot be used more advantageously in other services may be employed. Glass blowers continue to make some types of domestic glassware and laboratory and hospital ware.

The output of fiber glass in Germany is far short of requirements, though it has been rationed since December 1939. According to press reports, it is preferred as an insulation material because of its low conductivity to heat and ease of mechanical treatment. It was used on German locomotives in Russian campaigns, and it is said to have withstood very effectively the strain of severe winter weather. Demands in shipbuilding yards are increasing. The industry is attempting to develop a fiber glass suitable for spinning without the use of platinum in the spinnerets, and considerable progress is reported.

There has been little change in labor, according to the Nazi press. The absorption of the Austrian and Sudeten plants made possible the elimination of all but the most essential workers and the freeing of all others for military service.

Women are now used in the industry except for work close to hot glass furnaces. They are employed in the production of optical glass, and they have been suggested as helpers in the glaziers' trade. That trade is of particular importance at this time when heavy damage is being done by air raids. Replacements of panes must follow a priority order, and glaziers are required to keep records of repairs made.

Germany's supply of glassware has been supplemented by contributions from France amounting to from 30 to 40 percent of France's production in 1942. French shipments to Germany in that year were valued at 80,000,000 francs, compared with 182,000 in 1938 and deliveries to German forces in France were valued at about 220,000,000 francs.

Gums

Gum Tragacanth Production in Iran

Usually reliable sources estimate the production of gum tragacanth in Iran for the year ending March 21, 1944, at about 2,500 metric tons, which is only about two-thirds of the output of 4,000 metric tons for the year ended March 21, 1942, and is only 25 percent greater than the quantity normally exported to the United States.

The decrease in production is said to be caused largely by higher cost of labor, but in part, also, by the unpredictable conditions brought about by the war. Also, a greater building and road-construction industry has tempted workers to take other jobs.

At present, the Iranian Gum Tragacanth Export Co., Ltd., buys about one-half the production for export, but in 1940–41 it took from 90 to 95 percent of the trade.

Although shipping problems and wartime restrictions have made it more difficult to get gum tragacanth from Iran, stock on hand there reportedly are small. Estimates of the supply vary from 500 metric tons to twice that amount, as compared with about 1,500 metric tons which were available in 1941.

Prices of gum tragacanth are from 100 to 150 percent higher than in 1941. It is said, however, that in proportion to the increases in prices of other Iranian export commodities these increases are not remarkable.

Leather and Related Products

Leather and Manufactures

Footwear Distribution in Rumania

Footwear distribution to Rumania's rural population during September 1943, says the Axis press, comprised 16,134 pairs of peasant sandals "made of leather from the respective district's production," 4,100 pairs of leather sandals "from the National Defense Quota," 43,850 pairs made of imported rubber, 18,000 pairs of rubber sandals made domestically, 63,350 pairs of rubber-impregnated linen material for peasant sandals, and 80,000 pairs (or 35,190 kilograms) of rubber soles.

The same source states that authorities expect to import 75,000 pairs of shoes to be made available to laborers on farms who are working for the Army, and the necessary credits have been advanced for this purpose.

Collecting hides is recognized as most important, and it is said that during the last few months of 1943 a 20 percent increase was realized. By way of encouraging peasants in hide production, they are permitted to purchase "good footwear at the official price" upon delivering the hides and receiving the money for them.

Production of Footwear, Union of South Africa

Footwear manufacturers in Port Elizabeth, South Africa, had more civilian orders on hand than they could take care of during the 3-month period, August, September, and October, 1943. Despite the falling off in military demand, factories continued to be hard pressed for many essential supplies.

Tanneries in this district have maintained a high production rate.

Demand for Boots Exceeds Supply in U. K.

Demand for safety boots by Great Britain's industrial workers having increased beyond the current rate of production, the Board of Trade found it necessary to limit buying permits for such boots to underground miners, for a period of 3 months, beginning October 12, 1943.

Shoe Rationing in Yugoslavia

Only rubber-soled shoes, sold by a firm of Czechoslovak origin, could be purchased with the children's rationing cards distributed in "Croatia," Yugoslavia, during the early part of September, says the Nazi press. It was stated at that time that the distribution date for women's shoe-ration cards would be announced later and that no instructions had been received regarding men's shoes.

A later report proclaimed that an unspecified quantity of soles had been received and would be distributed among shoemakers of the Osiek district, upon application.

Hides and Skins

Mexican Hide Exports Decrease

Exports of hides from Mexico have been steadily decreasing since 1936, when 280,359 were shipped. By 1940 ship-

Official OWI Photo

ments had dropped to 92,445 and in 1942 they were negligible.

Shortage of hides and leather in Mexico may be attributed to: Large exports of leather goods, principally huaraches; the increased domestic use of leather for shoes and other products; and, finally, to exportation of a larger proportion of cattle and reduced slaughterings of livestock. Although hides have not been exported to the United States recently, shipments of huaraches have been large. Mexican huarache production has increased tremendously in the last few years.

Peru's Production of Hides and Skins

Peruvian production of hides and skins in October was estimated as follows: 20,000 cattle hides, 100,000 sheepskins and 75,000 goatskins, and kidskins. During the first 10 months of 1943, Peru produced a total of 170,000 cattle hides, 900,000 sheepskins and 435,000 goatskins and kidskins.

Uruguay's Production of Hides and Skins

Production of hides and skins in Uruguay during October was estimated at 65,512 cattle hides, 4,013 calfskins, and 278,132 sheepskins and lambskins.

Lumber and Products

Australian Manufacture of Tool Handles

Tool handles are now being manufactured by a firm in Western Australia—most of the output being used for defense purposes. However, arrangements have been made for increased power and equipment, which will make it possible for the mill to produce for civilian needs also.

Fewer Clothes for Jap Civilians

Almost every article of clothing was included in Japan's rationing system, introduced in February 1942, reports the Far Eastern press. Residents of large cities are now given a yearly allowance of 100 points, while those in villages receive only 80.

Apparently clothing is becoming more scarce, because in 1943 the point value of each garment was raised about 25 percent. A suit requires 63 points, an overcoat 50 points, and a woman's dress 35 points.

The little raw cotton available having been diverted to war uses, most clothing is made of "synthetic cotton." This material has reportedly not proved very durable, as clothes made of it are said to become *shreds* after two or three washings.

Plywood Production in Australia

A plant now being established in Perth, Australia, for the production of Kerri plywood and veneer is expected to be completed soon, says an October report.

It will have a capacity of 12,000,000 square feet of plywood per annum.

Timber Production in Trinidad and Tobago, B. W. I.

Timber production in Trinidad and Tobago in 1942 amounted to 1,315,371 cubic feet, says the Conservator of Forests.

At the end of the year there were 26 sawmills handling domestic lumber entirely and 5 dealing partly with local timbers.

Substantial imports of wood goods were received, principally from the British Empire and the United States.

Canadian Timber for Aircraft Production

The mobilization by Aero Timber Products, Ltd., of Sitka spruce resources for aircraft production has greatly changed logging methods in the Queen Charlotte Islands, Canada, reports a Canadian lumber journal.

Log output has been increased substantially by the establishment of a group of fully equipped camps. The recovery of airplane spruce from the total cut has doubled since 1941, it is stated.

In selecting the almost perfect trees required, care has been taken to avoid destruction of the forest. Trees are felled in the exact direction from which they will be transported, so as to reduce waste as much as possible.

Experiments to improve the production of aircraft-grade lumber are conducted for Aero Timber Products, Ltd., by three sawmills on Vancouver Island.

Balsa Industry of Costa Rica

Wartime demands have brought a tremendous expansion to Costa Rica's balsa industry.

The new finishing plant of the International Balsa Co., at Limon, has been completed at a cost of $150,000. Another sawmill has been recently established by the company, and two additional mills are expected to start operations. All of these concerns are located in Limon Province.

Balsa is being purchased also from other mills located in various districts in the lowlands of eastern Costa Rica.

The finishing plant in Limon will handle the drying of balsa from all these mills.

Timber Survey Conducted in Eire

A survey of privately owned timber resources in Eire is almost completed, says a British lumber journal.

The work has been carried on for several months by inspectors of the Forestry Section of the Department of Lands, and it is expected that by the end of 1943 it will be possible, for the first time, to estimate with considerable accuracy the quantity of timber in the country.

Total wood and forest areas amount to approximately 200,000 acres, including about 90,000 acres under private ownership.

To make Eire self-sufficient in timber, insofar as possible, would require 700,000 acres of wooded land, from which commercial timber could be cut at regulated stages of growth. The Forestry Section's reserve planting areas now total only 20,000 acres.

Plywood Production Reduced in Finland

Finland had 18 plywood mills in 1939, but 4 plants in Karelia (which accounted for 14 percent of the total output) are no longer in operation, states a European trade paper.

Shortages of labor and raw materials have reduced production considerably. Many women are now employed in the industry—of a total of 2,500 employees at the end of 1942, 1,600 were women.

Plywood exports since 1939 have amounted to about 40 percent of the prewar figure. In 1939, exports totaled 156,000 tons, but dropped to 63,000 in 1940; they remained level during 1941 and 1942—60,000 tons.

Before the war 65 to 70 percent of Finland's total exports of plywood went to the United Kingdom and the British colonies. Germany is now taking the largest amount, but 20 percent has gone to Denmark and some has been sold to Norway.

Newfoundland to Build Creosoting Plant

The first creosoting plant in Newfoundland is to be built at Clarenville, it was reported in November.

The plant is expected to cost approximately $400,000, and will have a capacity of 50,000 to 100,000 cubic feet monthly, depending on the type of wood treated.

Timber Conservation Necessary in New Zealand

A post-war inventory of New Zealand's forests is planned as an essential conservation measure.

A late report of the Director of Forestry points out that the Dominion's indigenous timber resources have been so greatly depleted that their cutting should be limited to the minimum requirements for high-grade finishing lumber. The bulk of the demand would be supplied by exotic forests.

Heavy Timber Cut in Sweden

Sweden's timber cut for the year July 1942 to June 1943 was the largest ever felled in that country in 1 year, the foreign press reports.

The total was more than 52,000,000 cubic meters (1,836,500,000 cubic feet), or almost 100 percent of the estimated requirements of 53,000,000 cubic meters. A large proportion of the cut—37,000,000 cubic feet—was fuelwood, needed to replace former large imports of coal and coke. Pulpwood accounted for 15,000,000 cubic meters.

A large number of new workers were employed in the forests, more than 40,000 of whom, it is estimated, were not professional woodcutters. Most of the workers were quartered in portable, prefabricated, wooden barracks. About 2,400 of these camps were established.

Cultivation of Sweden's Forests

The greatly increased consumption of wood in Sweden and the heavy drain on timber resources have focused attention on forest research and cultivation, a foreign trade paper reports.

Fertilization of forests has been tried in Denmark, the United Kingdom, and Germany, it is said, but it has proved expensive and would not be practical for Sweden's very large forest areas. In the ironworks districts of Varmland, iron slag containing phosphate has been used successfully for fertilizing the forests, but the cost was great.

Cultivation, which has been extensively practiced in recent years, is considered most important, and experiments are now being conducted to determine the most effective means of ridding the soil of parasites and fungi. The heavy cutting of firewood in northern Sweden, the principal source of timber for the large export mills, may have been helpful, it is stated, since thinning has tended to restore the growth of useful timber in some areas which have not been productive for a long period. Forest experts have agreed that removal of the undergrowth and of waste wood is the most helpful methcd of keeping the soil in good condition, and extensive research is being carried on in this field.

Plant-improvement institutions also are working intensively on the introduction of larger and more rapidly growing species, says a member of the Forestry Research. However, care of growing timber is considered the best means of obtaining immediate results. Production from many forest areas could be much improved with proper care, it is stated.

Plywood Stocks Adequate in U. K.

Since stocks of plywood are now adequate, a more extensive use of this material as a substitute for solid timber is being encouraged in the United Kingdom, says a British lumber journal.

The attention of Government Departments has been called, it is understood, to the possibility of altering designs to permit the use of plywood for doors, boxes, huts, and other purposes.

Plywood is adaptable also for certain civilian requirements.

Machinery, Other Than Electrical

Machine-Tool Industry Expanding in Australia

Australia's machine-tool industry has been expanding rapidly since the war started, says the foreign press. There are now 100 machine-tool factories operating, whereas formerly there were only 3. Domestic production in comparison with imports of equipment, is now in a ratio of 3 to 1.

Precision-tool manufacturing has expanded from 5 firms to 190. These are filing orders totaling 26,000 units daily.

A new quartz-cutting machine, developed for the production of radio-

Official OWI Photo

transmitter crystals, reduces labor time from that of two skilled men for 3 days to an operation of 32 minutes by one unskilled worker.

Medicinals and Crude Drugs

Hungary's Medicinal-Plant Industry

Recent reports state that 30,000 persons are employed in Hungary to cultivate, gather, and process medicinal plants.

About 5,000 farmers cultivate peppermint, which is the most important medicinal plant in Hungary from the standpoint of quantity. This crop alone is valued at from 3,000,000 to 4,000,000 pengös (1 pengö=19.77 cents) each year.

In addition, lime-blossom, mulberry, elderbery, hibiscus roots, and various other herbs play an important part in the industry.

Exports of medicinal plants and products during the first 5 months of 1943 amounted to 1,321 carloads. Of these, 30 percent were white mustard seeds; 9 percent, hibiscus roots; 7 percent, medlars; 5 percent, juniper berries; 4 percent, sloes; and the remainder, miscellaneous varieties. Most of these shipments have been made to Germany, Italy, Switzerland, and Sweden.

In 1942 the total crop amounted to 1,100 carloads, of which all but 100 carloads were exported.

Motion Pictures and Equipment

Hungarian Film Situation

Only 200,000 meters of the 2,400,000 meters of unexposed film which Italy had agreed to furnish Hungary had been delivered before the capitulation of Italy. The Nazi press claims, however, that Hungary is receiving film regularly from Germany.

Previously announced plans for the establishment of a Hungarian film factory with Italian capital have been abandoned.

Nonferrous Metals

Output of Mercury Mines, New Zealand

Output of 5 tons of mercury in 1942 from the Puhipuhi (Poverty Bay) deposits of New Zealand is reported by the foreign press. Operations were resumed by Mercury Mines, Ltd., after having been suspended for many months because of a huge landslide at the mine.

Development work at the Ascot Mine at Karangahake (Hauraki Range) is expected to result in production of a small tonnage of ore.

Nicaragua's Gold Exports

Gold exports, valued at $6,646,923, from Nicaragua in the first 10 months of 1943 showed a decrease of only 4 percent from the $6,932,462 reported in the comparable period of 1942. October exports included 17,942.25 troy ounces of gold ($627,979) and 21,118.59 troy ounces of silver ($9,292).

Two of the largest gold mines were operating 24 hours a day with a top number of employees, but shortages of materials prevented maximum production.

Nonmetallic Minerals

Pottery Production in Chile

Chile has the largest pottery factory in South America, the Fábrica Nacional de Loza, in Penco. The plant is completely mechanized, and has 1,000 employees. A foundry and a large repair shop also are in operation.

Average monthly production is valued at about 1,000,000 Chilean pesos; most of the output consists of tableware, plus an estimated 6,000 pieces of sanitary articles a month. About two-thirds of the total production is sold in Chile, and the remainder is exported to other South American markets.

In Lota a smaller pottery, the Cerámica de Lota, is operated in connection with the coal mines. This plant specializes in glazed tiles for bathrooms but also turns out large quantities of fire bricks and vari-colored novelty items.

The raw materials used in these potteries are practically all produced locally.

Mica Prospecting in Kenya

Prospecting for mica in Kenya, British East Africa, will be done by the Mica

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Improving Peru's Wool Production

An editorial in El Comercio of Lima, Peru, describes the method being followed by the National Association of Wool Growers of Peru—"La Junta Nacional de la Industria Lanero"—to improve that nation's wool production.

This organization has imported 270 pure-bred Australian Merino rams from Argentina. These were sold to breeders on credit, with 2 years in which to pay—payment to be made not in cash but in lambs born of that particular sire. The cross-bred lambs are in turn sold to other shepherds on similar conditions, thus producing a "revolving fund" which pays its way in increased yields of wool and meat.

Australian Merinos were chosen because of the high wool yield—as high as 30 to 37 pounds per animal—and because of the strong constitutions and large bodies of this breed.

It has been found that sheep pastured in certain parts of Peru produce little wool, probably because of the absence of certain necessary minerals in the soil, and it is hoped that the introduction of new blood will correct this.

The Government is also distributing stock salt to which certain minerals have been added, in order to restore the balance in the diet.

The average wool yield of the Peruvian sheep is given as about 3 pounds; that of the sheep in the United States is around 8 pounds.

Mining Co., Ltd., under a license issued for a period of 1 year, the foreign press reports. The area involved covers about 1,000 square miles in the Central Province and the Masai Native Land Unit.

Oils, Fats, and Oilseeds

Shortage of Oils and Fats in Bulgaria

The German-controlled press admits that there is a great shortage of fats and oils for domestic and industrial purposes in Bulgaria. The inhabitants hope, however, that supplies will be augmented by imports from Germany and Rumania.

Hog raising is receiving greater encouragement, and the requisitioning of pigs has been halted, since the supply of fat can be increased by allowing more pigs to grow larger.

Restrictions regarding the making of oil from sunflower seed have been removed in Bulgaria.

Decreased Sesame Production in Nicaragua

Heavy rains in Nicaragua during October damaged the sesame crop to such an extent that harvest expectations have been reduced to approximately 8,000,000 pounds—almost 1,000,000 pounds less than production a year ago.

Domestic consumption of sesame oil probably will increase, since there is a scarcity of lard in Nicaragua. This will result in a smaller exportable surplus than was available the preceding year.

Low Soybean Yield in Rumania

Because of decreased acreage, the soybean harvest in Rumania was disappointingly low, says the German-controlled press. The area planted in soybeans in 1943 (23,068 hectares) was about 44 percent less than the 41,000 hectares devoted to the crop in 1942.

Previously, a Germany agency had introduced and cultivated the crop in the rich, black-soil areas of northern Bessarabia and, since soybean-oil yield is high and the product is unrationed, it was hoped that the 1943 program in Rumania would meet with equal success.

Rape Growing in Switzerland

According to latest reports from Switzerland, the average farmer in that country will be expected to increase his 1943–44 rape acreage by 10 to 12 times that of the 1942–43 season, which is said to have turned out well.

Venezuela Receives Large Babassu Shipment

A total of 370,000 kilograms of babassu oil has arrived at Puerto Cabello, Venezuela, say reports from that country. This is a welcome addition to supplies of vegetable oil.

Paints and Pigments

Australian Paint Factory Increases Production

Modern equipment has been installed in a paint factory in Perth, Australia, which has recently been taken over by a large Eastern States (Australia) company.

Production has been expanded considerably and attention is being given to the use of local raw materials. Part of the output is expected to be shipped to the eastern part of the country.

Paper and Related Products

Paper Shortage in Yugoslavia

Paper supply problems in "Croatia" (Yugoslavia) have become "very difficult," says the Axis press. The paper factory at Zagreb has found it impossible to work at full capacity, owing to lack of sufficient quantities of raw materials and semimanufactured products. Collection of waste paper has become an urgent necessity.

To stimulate paper collection, a ruling was issued that each person turning in at least 2 kilograms of used paper would receive a card entitling him to 4 cigarettes for each kilogram of paper.

Attention was called to the fact that books, pamphlets, newspapers, letters, and packing paper would be acceptable.

Petroleum and Products

Prospecting for Oil in Brazil

Intensive geophysical studies and drilling for oil are being continued in Brazil, despite the fact that there has been relatively little discovery to warrant an optimistic outlook.

In 1939 high-grade oil was brought in in the State of Bahia, the tests of which analyzed as follows: Specific gravity, 0.81, very fluid and pure, with paraffin base, sulfur absent, and a distillation temperature of 60°C. Upon distillation, the oil yielded 20 percent gasoline with 5 percent ether, 10 percent kerosene, 25 percent lubricating oil, 25 percent Diesel fuel, 20 percent heavy oils and paraffin greases, and 5 percent coke waste. Production in Bahia rose from 2,075 barrels in 1940 to 23,109 barrels in the first 9 months of 1942, the latest period for which figures are available.

Prospecting in the Lobato field was carried out by the Conselho Nacional de Petroleo, which in 1938 was authorized to install refineries, establish the minimum stock limits, regulate and control the importation, exportation, transport, and trade of petroleum and its byproducts, and carry out official studies on this product.

The C. N. P. has been prospecting in the Bahia-Alagoas regions, three drillings having struck two distinct levels at shallow depths which are said to be of economic value. In the Alagoas series, a shaft has been sunk to 6,000 feet, passing through several layers of oil-bearing sand.

Soundings have been made in the extreme western section of the Territory of Acre, which is a part of the sub-Andine petroliferous zone that is producing in nearby Peru and Bolivia.

In view of the fact that Peru has begun to exploit oil fields in the east, with the Brazilian market in mind, and that a Bolivian-Brazilian railway and highway scheme might divert more of Bolivia's oil to Brazil, the petroleum situation in Brazil may well improve, even if attempts to produce oil in quantity at home are futile.

Proposed Oil-Storage Facilities for Iceland

A proposal involving the building, hiring, or purchasing of a fuel-oil tank and a suitable place for a main depot, and the acquiring of a tanker by the Government, was reported in November to be under consideration in Iceland. Subsidization by the Government of local storage facilities and outlets to be owned by cooperative societies and fishermen's associations is included in the scheme.

Bulgaria Attempts Shale-Oil Production

Experiments in the production of oil from shale are being carried on in Bulgaria, the Minister of Commerce of that country claims. Negotiations reportedly are being made to import special equipment with the hope that shale oil can be available by 1945.

Oil Production in Mexico

Petroleum production in the area around Tampico, Mexico, amounted to 2,891,543 barrels for the period October 20 through November 18, 1943. Stocks on hand in this area on November 18 totaled 3,304,124 barrels.

Petroleos Mexicanos, the Government entity in charge of oil production and distribution in Mexico, reportedly will spend from $5,000,000 to $6,000,000 in a construction program which will include provision of refining facilities to utilize the Poza Rica field gas, which is now allowed to go to waste.

Oil and Gasoline Production, Peru

Production of crude petroleum in Peru for the third quarter of 1943 was 3,689,397 barrels, an increase of 163,612 barrels over production in the corresponding quarter in 1942. Of the total third-quarter output, one company produced 82.66 percent.

Production of natural gasoline for the third quarter of 1943 amounted to 246,494 barrels, only a slight increase over the output of 229,324 barrels in the third quarter of 1942.

Chief refinery products for the third quarter were: Gasoline, 1,063,765 barrels; kerosene, 230,614 barrels; Diesel fuel, 666,426 barrels; bunker fuel, 1,531,774 barrels; and lubricating oil, 18,141 barrels.

Rubber and Products

Output of rubber in the Belgian Congo in 1943 was expected to be 10,000 tons, according to an announcement of the Congo's Governor General, published by a foreign source.

Brazilian Exports of Tires and Tubes

The value of rubber tires and inner tubes exported from Brazil during the first 5 months of 1943 amounted to 86,154,000 cruzeiros, says a foreign publication.

In the same 5 months, rubber output was doubled in the State of Para, it is said.

Acute Shortage of Tires in Hungary

The shortage of rubber tires and inner tubes has become so acute in Hungary that bus and taxi companies have had to restrict their operations, the Nazi press states. The Ministry of Industry has refused applications for new tires by taxi and bus companies.

Rubber Tapping Intensified in India

In an effort to increase rubber production in India, plantation owners are intensifying tapping over approximately 80 percent of the acreage in rubber cultivation and are carrying out "slaughter tapping" over the remaining area. After the war, the Government will bear the expense of replanting the trees killed by "slaughter tapping," says a foreign publication.

Rubber Control in Yugoslavia

According to a decree published in "Croatia" (Yugoslavia) on September 5, 1943, the "Ministry of War" is authorized to direct production, purchase, and consumption of rubber, claims the Nazi press. With power to appropriate any and all stocks of rubber in the country, the Ministry is given complete control over the stock of tires. The term "pneumatic tires" in the decree includes solid rubber tires and regular tires and tubes for bicycles, motorcycles, automobiles, trucks, tractors, and airplanes.

Car owners must submit to the Ministry declarations on their inventory of tires. They are allowed to keep one spare tire, turning over all others to the ministry.

Importation and sale of various types of tires are subject to special rulings of the Ministry, and are permitted only when used tires are surrendered in exchange for new ones purchased.

Shipbuilding

New Vessels Completed in Sweden

Launchings by Swedish shipyards include the 9,050-deadweight-ton *Parramatta* and a cargo liner, the *Industria*, of 2,900 deadweight tons. The *Parramatta* is 405 feet long, 56½ feet wide, 28 feet 9 inches deep to main deck, 38 feet 9 inches deep to shelter deck, and has a draft on full load of 25 feet 9 inches. It has four large cargo holds and deep tanks for about 1,000 tons of oil, as well as modern accommodations for 12 passengers. A two-stroke, single-acting, direct reversible Diesel motor with solid injection is to be installed.

The *Industria*, with an open shelter deck, soft-nose stem and cruiser stern, is 280 feet long, 42 feet wide, 27 feet 6 inches deep, and has an average draft on summer freeboard of 19 feet 2⅞ inches. This vessel is to have a single-acting, two-stroke, six-cylinder Diesel engine, with an estimated speed of 13¼ knots when fully loaded.

Sweden's fleet of motor sailing vessels has increased greatly in the past year, and many more are under construction, particularly at the Kalmar, Karlstad, Sjotorp, and Furuvik yards. These modern auxiliary sailing vessels, built of steel and equipped with Swedish crude-oil motors, carry almost any kind of cargo, including wood, coal, coke, salt, and limestone.

Manufacture of Small Vessels, Para, Brazil

At Para, Brazil, the Government is manufacturing small vessels of 80 to 100 horsepower, the foreign press reports. The vessels carry up to 20 tons of rubber and draw barges loaded with rubber.

Fishing-Boat Construction in Chile

Wooden fishing boats, about 45 feet long, are being built by a firm in San Vicente (near Talcahuano), Chile, at a rate of about two a year. The boats are equipped with Diesel engines.

Dominican Republic Launches Vessel

The schooner *Inoa*, of 132 05 net tons registry, was launched in Ciudad Tru-

It Also Stands for Volume!

jillo, Dominican Republic, on November 6, 1943. This was the fourth vessel constructed by the Compañía Naviera Dominicana.

Tobacco and Related Products

Brazilian Tobacco Crop

Brazil's 1943–44 tobacco crop is now estimated by the Tobacco Institute of Bahia at from 150,000 to 200,000 bales of 75 kilograms each. Although in certain zones tobacco plantations were reported damaged by drought, it was believed that rainfall during the latter part of November would bring about recovery of part of the damaged crop. It is expected that the current crop will be of good quality.

Bulgar Experiments

In an attempt to guarantee two crops of tobacco annually on the same land, the Experimental Tobacco Institute in Drama (Greek territory now occupied by Bulgarians) is conducting a study of climatic and soil conditions in the area of Belomariye, which is said by the Axis press to produce more than one-third of all "Bulgarian" tobacco at present.

In connection with nursery production of plants, experiments have been made with half-heated seed beds and shaded nurseries. Further studies having revealed that the soils are poor in nitrogen and also lacking in phosphorus, a norm has been established in fertilizing which calls for the use of 20 kilograms of "silitra" per decare.

With increased demands for both cigar and pipe tobacco in Bulgaria the Ministry of Agriculture has greatly extended its tobacco acreage in the Danubian region, states the Axis press. Virginia-type tobaco has been given preferred attention.

Numerous experiments in southern and northern Bulgaria reveal that the Danubian region offers the most favorable conditions for production of cigar and pipe tobacco.

Cigar and Cigarette Manufacture in Colombia

At least 500 persons are employed in cigar and cigarette manufacture in Colombia. Production of cigars is of considerable importance, particularly in Zambrano and Cartagena.

Cigarettes of Imported Tobacco Popular in Guatemala

Increased purchasing power in Guatemala is enabling smokers to buy cigarettes made of imported tobacco. Records of the two cigarette manufacturers using imported tobacco indicate that their consumption is currently at the rate of approximately 11,000 pounds a month or 132,000 pounds a year. This represents a very substantial increase over the rate of consumption previous to 1942.

Cigarette-Tax Collections, Nicaragua

Cigarette-tax collections in Nicaragua during October 1943 showed a 4-percent gain over the corresponding month of 1943.

The great demand for 25-watt-and-under bulbs in Barbados, British West Indies, caused by the rationing of electricity as of June 1, 1943, has necessitated the prohibiting of sales except by permit.

Progress in Peru's New Tea-Growing Efforts

President Manuel Prado of Peru, in his annual message to Congress, brought to his people the news that the cultivation of tea has now been successfully established in Peru and that several tea plantations totaling 1,200 acres produced more than 250,000 pounds of dry tea for the domestic market in 1943.

As tea is used by all classes, this is good news to the Peruvians. Efforts to establish tea in South America have been made over the last 50 years, and small plantings of tea are found now and then in most of the Andean republics, but it was left to Peru to "industrialize" this new crop on the west coast of the continent. Nurseries to propagate tea plants have been established in three of Peru's agricultural experiment stations. At the same time nearly a million young tea plants are being distributed to farmers at cost.

Home-grown tea is now on sale in the markets of Peru, and small export shipments have been made to Bolivia. The Government has engaged an English tea expert from Ceylon to supervise the development of this industry. A factory for drying and processing tea is to be established at Tingo Maria. Several tea plantations have been established in that region.

The Agricultural Bank of Peru makes loans at a low rate of interest to those who wish to engage in this industry.

Tea thrives in a subtropical climate with an abundant rainfall. On the eastern side of the Andes, where the mountains slope down to the jungles of the Amazon Valley, there are hundreds of square miles of fertile land which lend themselves to this cultivation. It is, therefore, believed by many that Peru will be able in the next few years to greatly expand this new industry.

In normal times Great Britain and New Zealand each consume more than 9 pounds of tea per inhabitant per year. Argentina, which is a great mate-drinking country, consumes over 18 pounds of mate per inhabitant per year. It will probably take Peru some years to grow enough tea for the 7,000,000 persons who live in that republic.

Idle Machinery—

(Continued from p. 4)

machinery be handled entirely through commercial trade channels, with the Government cooperating in furnishing reports on idle plants which may be for sale, and by financing transactions through the Export-Import Bank, when acceptable.

It is recognized that some measure of control is necessary at this time, but such controls and restrictions should be removed as expeditiously as conditions permit.

To Serve Our Best Interests

The Committee believes that the momentum toward industrialization of the other American Republics will continue into the post-war period and that our country's best interests will be served by guiding industrialization along sound economic lines.

Economically sound industrial expansion will *not* prejudice the interests of United States business but will increase the post-war market for our modern machinery.

Sakhalin Island—

(Continued from p. 27)

000,000 tons. The amount mined appears to be substantial, though exact figures are not available. Total production (solely for export to Japan) for 1935 and 1936 amounted to 228,100 tons and 249,300 tons, respectively.

Sakhalin's Oil Fields

The oil fields of Sakhalin belong to the most promising type known, and are one of the few areas of that class which remain largely unexplored. The petroleum zone covers nearly the entire area of Soviet Sakhalin. The northeastern portion, especially along the coast, appears to be richest, with the main oil fields located at Oha, Ehabi, Nutovo, Katangli, and Piltun. The only operator in Sakhalin oil is the Soviet Government, through its Sakhalinneft Trust (Sakhalin Oil Trust) and Kita Karafuto Sekiu Kabushiki Kaisha (North Sakhalin Oil Co.). The extent and amount of oil produced in Sakhalin during the 10-year period from 1930 to 1939 can be seen from the following table:

Sakhalin Island's Crude-Oil Production

[Barrels 42's U. S.]

Year	Japanese share of crude production	Russian share of crude production	Total crude production
1930	1,558,000	659,000	2,217,000
1931	1,634,000	898,000	2,532,000
1932	1,641,000	1,371,000	3,012,000
1933	1,654,000	1,755,000	3,409,000
1934	1,426,000	1,850,000	3,276,000
1935	910,000	1,990,000	2,800,000
1936	1,190,000	2,043,000	3,233,000
1937	1,179,000	2,216,000	3,395,000
1938	1,074,000	2,326,000	3,400,000
1939	978,000	2,891,000	3,869,000

Announcing 1944 Foreign Program

(Continued from p. 3)

American businessman should seek the answers to these fundamental questions: Is direct foreign trade essential to my business? Should I establish and maintain my own foreign-trade organization?

"Many American manufacturers have for years placed their products in foreign markets without being involved in the actual mechanics of international trade. This is equally true of many domestic distributors of imported merchandise."

Projects for Future

So much for activities of the year just ended. Plans for the coming 12 months are designed to continue and broaden this practical course. And, in keeping with our prime function, exhaustive research and analyses now going forward will be released in easily applied published form.

While the Bureau of Foreign and Domestic Commerce serves those engaged in both foreign and domestic commerce, readers of this magazine are obviously interested particularly in our foreign plans.

As can be readily understood, our release to private enterprise of much current statistical data, constantly required by the various war agencies, must be contingent on a relaxation of wartime restrictions. Foreign traders are assured, however, that the material is being kept up-to-date so far as is humanly possible; that there will be no delay in reporting it whenever conditions permit the removal of today's restrictions.

The following typify projects in this category:

Trends in United States Foreign Trade.—A series will be issued, on a quarterly basis, on the trends of American foreign trade. It will be in two parts—cash purchase and total trade. The statements will provide the only summary data on the subject which are currently available from any source. They will cover United States exports and imports by commodities and by countries.

United States Balance of Payments During the War.—Detailed facts and analyses of our international transactions during the war are scheduled to be ready for general release as soon as possible after the war. In the meantime, it is hoped that interim reports can be made available.

In addition to the usual questions in balance-of-payments analysis, the study will give special attention to our dealings with particular countries and groups of countries as distinguished from over-all totals. The role of the Government in our international transactions will also be included.

International Transactions of Other American Republics.—This report will discuss the disturbances and readjustments in balances of payments of other American republics, with particular reference to their relations with the United States. Particular attention will be given to exchange depreciations and exchange control as means of adjustment.

United States Trade with Other American Republics.—The coming issue of this annual study will present our trade with the American republics, similar in scope to the yearly summary of United States foreign trade as a whole.

United States Imports of Strategic Materials.—A statistical compilation issued at half-yearly intervals at the request of the Foreign Economic Administration. The report now in progress will show imports into the United States of materials classified as strategic by countries of origin. This is the only record of its type, and it provides an explicit record of the foreign procurement program of the United States.

Special reports on international subjects that will be released to business as soon as completed include:

Prospects for Foreign Trade of the British Empire After the War.—This is a projection comparable in scope to "Foreign Trade After the War." The same assumptions appearing in the study on American foreign trade will be used in the British edition. These are that if domestic economy functions at capacity levels, imports in the hypothetical post-war year will total about $6,300,000,000 and exports about $7,000,000,000.

The project will also analyze (*a*) the industrialization of various foreign markets and (*b*) British Empire trade before the war and what has happened to it during the war.

Currency Systems of Countries in Latin America.—Revisions will be made of portions of the Handbook of Foreign Currencies (1936) to bring it up to date. In addition, there will be a summary of information on exchange-control systems and other important data.

Imports Into Far Eastern Countries.—A statistical handbook is in process for ready reference by those concerned with the economic problems of Far Eastern countries now occupied by the Japanese.

It will show the principal pre-war imports of such countries from areas outside Japan's present control, quantities thereof, and the main countries of origin. It will also provide useful data for analyzing problems of supply in the administration of reoccupied areas, of relief and rehabilitation operations, and planning for future commercial relations.

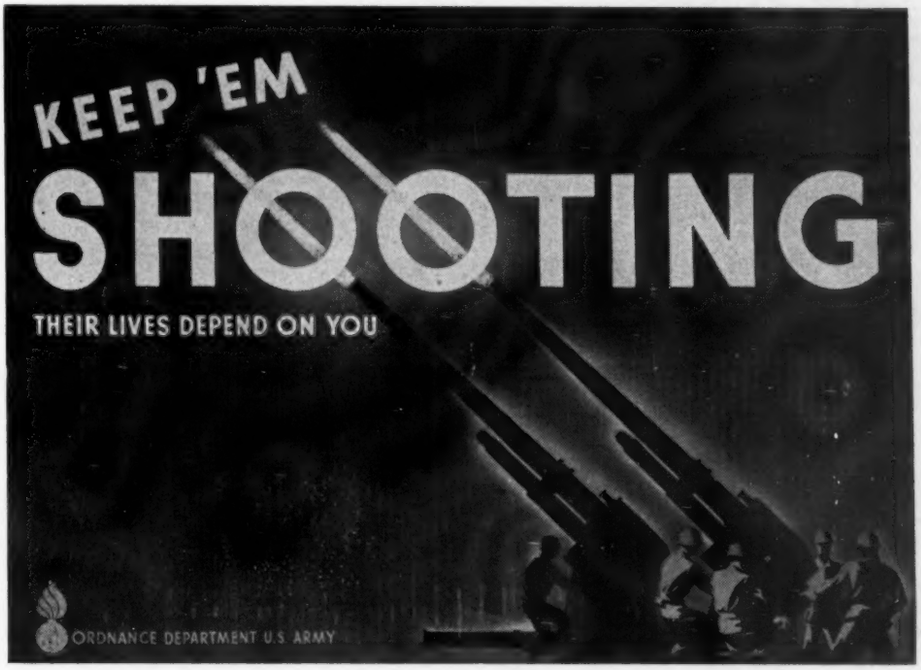
Role of the Bank of Japan in the Japanese War Economy.—This study will trace and evaluate developments since 1937. It will highlight the widely increased powers that have been delegated to the Bank of Japan, making it a dominant institution for carrying out Japan's wartime financial program.

Japanese Exchange Control, 1931–43.—An analysis of the Japanese system of exchange control for the period 1931 through 1943, with its subsequent extension to occupied areas. An appendix will contain what is considered the most complete compilation of Japanese exchange-control laws and regulations available.

International Industries Statistics.—Among projects now in preparation and planned for future release are: (1) Projection of Post-War Value of Imports by Commodity and Commodity Groups; (2) Pulp and Paper Trade Statistics of the Other American Republics; and (3) Vademecum of American Pharmaceuticals in Latin America.

Foreign Trade (Basic Information Sources).—This is a comprehensive bibliography relating to the entire field of foreign trade.

Commercial Standards.—The program of translating and distributing American commercial standards in both Spanish and Portuguese, instituted by the Bureau in 1943, will be continued during 1944. These are voluntary recorded agreements among producers, distributors, and consumers as to terminology, types, classi-



Latin American Exchange Rates

NOTE.—Averages are based on actual selling rates for sight drafts on New York, in units of foreign currency, per dollar with the following exception: Cuba—United States dollars to the peso. The peso of the Dominican Republic, the Guatemalan quetzal, and the Panamanian balboa are linked to the dollar at 1 to 1; the Haitian gourde is fixed at 5 gourdes to the dollar.

Country	Unit quoted	Type of exchange	Average rate			Latest available quotation		
			1941 (annual)	1942 (annual)	Oct. 1943 (monthly)	Rate	Approximate equivalent in U. S. currency	Date, 1943
Argentina	Paper peso	Official A	3.73	3.73	3.73	3.73	$0.2681	Dec. 4
		Official B	4.23	4.23	4.23	4.23	.2364	Do.
		Bid	4.88	4.94	4.94	4.94	.2024	Do.
		Free market	4.24		4.00	4.00	.2500	Do.
Bolivia	Boliviano	Controlled	43.38	46.46	42.42	42.42	.0236	Dec. 7
		Curb	54.02	49.66	44.50	44.50	.0225	Do.
Brazil	Cruzeiro [1]	Official	16.50	16.50	16.50	16.50	.0606	Dec. 1
		Free market	19.72	19.64	19.63	19.63	.0509	Do.
		Special free market	20.68	20.52	20.30	20.30	.0493	Do.
Chile	Peso	Official	19.37	19.37	19.37	19.37	.0516	Dec. 11
		Export draft	25.00	25.00	25.00	25.00	.0400	Do.
		Curb market	31.78	31.75	31.64	32.50	.0308	Do.
		Free	31.15	31.13	31.00	31.00	.0323	Do.
		Gold exchange	31.15	31.13	31.00	31.00	.0323	Do.
		Mining dollar	31.35	31.13	31.00	31.00	.0323	Do.
		Agricultural dollar	[2] 31.15	31.13	31.00	31.00	.0323	Do.
Colombia	do	Controlled	1.75	1.75	1.75	1.75	.5714	Dec. 4
		Bank of Republic	1.76	1.76	1.76	1.76	.5682	Do.
		Stabilization Fund	[3]	[3]	[4]	[4]	[4]	Do.
		Curb	1.86	1.77	1.75	1.75	.5714	Do.
Costa Rica	Colon	Uncontrolled	5.85	5.71	5.65	5.65	.1770	Nov. 30
		Controlled	5.62	5.62	5.62	5.62	.1779	Do.
Cuba	Peso	Free	.98	1.00	1.00	1.00	1.00	Nov. 6
Ecuador	Sucre	Central Bank (official)	15.00	14.39	14.10	14.10	.0709	Nov. 17
Honduras	Lempira	Official	2.04	2.04	2.04	2.04	.4902	Nov. 30
Mexico	Peso	Free	4.86	4.85	4.85	4.85	.2062	Nov. 15
Nicaragua	Cordoba	Official	5.00	5.00	5.00	5.00	.2000	Nov. 27
		Curb	5.93		5.24	5.25	.1905	Do.
Paraguay	Paper peso	Official		333.00	333.00	333.00	.0030	Nov. 7
Paraguay	Guarani [6]	do				3.10	.3226	Nov. 30
Peru	Sol	Free	6.50	6.50	6.50	6.50	.1538	Dec. 11
Salvador	Colon	do	2.50	2.50	2.50	2.50	.4000	Do.
Uruguay	Peso	Controlled	1.90	1.90	1.90	1.90	.5263	Do.
		Free	2.31	1.90	1.90	1.90	.5263	Do.
Venezuela	Bolivar	Controlled	3.26	3.35	3.35	3.35	.2985	Nov. 30
		Free	[5] 3.76	3.45	3.35	3.35	.2985	Do.

[1] Under law of October 6, 1942, the cruzeiro became the unit of currency, replacing the milreis. Since November 1, 1942, exchange quotations have been in terms of cruzeiros and centavos to the dollar.
[2] Established March 25.
[3] For class 2 merchandise, 1.795; class 3, 1.87; class 4, 1.195.
[4] For class 2 merchandise, 1.765; class 3, 1.775; class 4, 1.785.
[5] July 24–December 31.
[6] New currency unit instituted as of November 8, 1943.

NOTE.—Special rates apply to automotive equipment and agricultural machinery imported from the United States into Argentina.

fications, grades, sizes, and use characteristics of manufactured products. They set up a standard of quality below which a given product, if sold under this standard, must not fall.

In citing these specific foreign-trade aids, no attempt has been made to present an all-inclusive picture. Merely the broad outlines of the 1944 program are traced. Events beyond our knowledge may necessitate altering some of the plans. Unexpected needs may arise.

Therefore, the Bureau proposes to keep flexible and utilize its resources and talents to the limits of its capabilities along lines deemed most helpful to international commerce and industry.

Active Helpfulness Is Aim

Naturally, our major duty will be to serve the war effort until peace is declared. But in the doing we are continually enhancing the value of our storehouse of facts and figures. Indeed, in some respects, such as many phases of the Latin-American economy, our sources of data are more complete than ever before.

We look forward to the day when we can share all this information with the American foreign-trade fraternity. For we are ever mindful of our mandated responsibilities—to foster, promote, and develop the foreign and domestic commerce of the United States.

In the meantime, we shall continually seek to furnish practical service that will not only help solve current problems but also aid in planning intelligently for what we view as one of this country's greatest post-war opportunities—a healthy, vigorously expanding international trade.

With practically all of Norway's wholesalers refusing to pay commissions to the Nazi Trade Association, the Nazis have retaliated by threatening to close down the businesses, and have already done so in several instances.

Formosa—

(Continued from p. 15)

Conclusion

Although Formosa has been thus shown to be an economic unit of some importance in the Japanese Empire and can, in the post-war period, continue so as a part of China, attention now focuses on it mainly as a formidable naval and air base, protecting Japan's communications southward. Reduction of this fortress by United Nations forces, and its utilization to protect our own direct lines of communication with China, are regarded by many as prerequisites for the final defeat of Japan on the Asiatic mainland and in Japan Proper.

Korea—

(Continued from p. 9)

Copper, lead, and zinc mines are operated chiefly by the Japan Mining Co., Nissan subsidiary, though some of the copper mines were formerly foreign concessions, worked primarily for the gold with which the copper was found.

Korea now supplies about half of Japan's tungsten requirements, and is the chief country in the Far East producing molybdenum. It is, moreover, Japan's only source of graphite and mica, although quality of the latter may be low. Quality of graphite is not as high as that obtained by the United Nations from Ceylon and Madagascar, but Korea produces more than 30 percent of the total world output, and this mineral has been important in its trade.

Manchuria has generally been regarded as Japan's nearby source of iron ore, but with the joint development since 1939 of the Mosan mine by Mitsubishi and the semiofficial Japan Iron Manufacturing Co., Korea produces more iron ore than Manchuria, or nearly 6,000,000 tons a year. It is, however, low-grade—iron content of the ore at Mosan being around 35 percent as compared with about 50 percent in Japan Proper, and even higher, Japanese claim, in certain areas in Manchuria.

With the outbreak of war, gold lost its importance to Japan as a medium of payment for imports, and gold mines in Korea have been closed down. Leading gold mines were the Unsan mine, owned until 1939 by the Oriental Consolidated Mining Co. of New York, and the British-French Taiyudo mine, transferred to the Japan Mining Co. somewhat earlier. In the post-war period Korea's gold will doubtless be of value, for the peninsula produced more than Japan Proper, alternating with the Philippines as leading producer in the Far East.

Adequate Transport Facilities

If Korea can be compared with China in its lack of industrial development, it can readily be *contrasted* with China in respect to its transportation facilities. Korea in 1941 had more than 4,000 miles

of railways in its area of about 85,000 square miles; China had about 8,000 miles of railways in its area of, roughly, 4,000,000 square miles.

Korea's railroad system runs the length of the peninsula, and, with the ferries from Japan's main islands to South Korean ports, strategic transportation is provided between Japan and Manchuria. Korea's main line, crossing the Yalu River from Sinuiju (Shingishu) to Antung, connects with the Antung-Mukden line of Manchuria, providing rapid rail transport to Mukden, Dairen, and Harbin in Manchuria, and to Peking, Tientsin, and other points in China, via the Peking-Mukden line. Before the war, this network connected with the Trans-Siberian Railroad to supply direct rail communication between the Far East and Europe.

Main Railways

From Sinuiju this main line runs the length of the peninsula to Fusan, where it connects with the 7½-hour ferry to Shimonoseki on Japan's main island of Honshu. Each of the ports on the Yellow Sea or Chinaward side of Korea—Mokp'o (Moppo), Kunsan, Chemulpo (Jinsen), and Chinnampo—is connected by spurs with this line. Thus toward China there is a network of short lines ending at strategic ports; toward the Japan Sea there are no feeders, and even the single line down the east coast may not yet be completed.

Until 1941 the only line crossing the peninsula was the line through the Seoul-Wonsan (Genzan) depression, connecting these two cities. This line continues up the east coast to Ch'ongjin (Seishin), and then, turning north, to the Manchurian border, follows the Tumen River around to Unggi (Yuki) and Najin (Rashin). On this route connection is now made at two main points with the Manchurian railway system.

Another cross-peninsula line was completed in 1941, connecting P'yongyang (Heijo) and Wonsan (Genzan), and additional lines have been built to relieve congestion on the main line, and to provide additional connections with Manchuria and transport facilities for mines.

Korea's main lines are standard gage, 4 feet 8½ inches, like those in Manchuria and China, but unlike those in Japan Proper, which are of 3-foot 6-inch gage. The first railway was begun by an American, who secured a concession from the Government to build a line to connect Seoul and Chemulpo (Jinsen).

Relief for Jap Ship Shortage

Traffic, although not so heavy per mile of railroad as in Japan, has been increasing each year, and serves as an alternative to relieve somewhat Japan's shipping shortage. During the 1940–41 fiscal year the railroads carried nearly 25,000,000 tons of freight, of which more than 20,000,000 tons were carried on the 3,000 miles of Government railways. Freight tonnage carried is only about one-eighth as much as in Japan Proper, although railroad mileage in Korea is about one-fourth that in Japan.

Korea's railroads were in many cases built for strategic purposes, rather than because of commercial needs of the peninsula. Wartime traffic has increased in good part because of their use as an alternative to shipping between Japan and Manchuria, and even between Japan and points in China; war's end may find the peninsula with more railroads than are needed for immediate commercial purposes, especially since rolling stock will have deteriorated, and perhaps have been destroyed.

Ports and Shipping

Korea has a score of ports, of which all important ones have railroad connections. In 1936, over 16,000,000 tons of shipping entered these ports—three times that entering ports of Indochina, which has almost the same population as Korea. Freight can be brought by Korea's railroads either to the port of Fusan, to the ports on the west coast, or to the ports of Ch'ongjin (Seishin) and Najin (Rashin) in the northeast.

Fusan, Korea's chief port, which in 1936 handled more trade than any except the three largest ports of Japan Proper—Yokohama, Kobe, and Osaka—lies at the southern tip of the peninsula. Ferry service runs from Shimonoseki, on the main Japanese island of Honshu, to both Fusan and Yosu (Reisui), and Japanese broadcasts have reported a new ferry service from Hakata, on Kyushu Island, to Fusan.

Ports on the west coast, although they handle the largest volume of trade, next to Fusan, are somewhat handicapped by the great difference between high and low tides, which at Chemulpo (Jinsen) reaches over 30 feet. Chemulpo and Chinnampo are ports for the two leading cities, Seoul and P'yongyang (Heijo). Mokp'o (Moppo) and Kunsan are export ports for cotton and rice; and at the mouth of the Yalu a new port, Tasa Do (Tashito), has been established to serve the Sinuiju (Shingishu) area, which has been partly industrialized.

On the northeast coast Ch'ongjin (Seishin) and Najin (Rashin), together with Unggi (Yuki) and Songjin (Joshin) serve as ports for that region, and also as ports for North Manchuria. Ch'ongjin and Najin have direct steamer connections to Tsuruga and Niigata in Japan Proper, and railroad lines from these ports run to Harbin, on the old Chinese Eastern Railway in Manchuria. Hungnam (Konan) and Wonsan (Genzan) are the only other major ports on the east coast, which below Wonsan has few indentations and only smaller fishing harbors.

No Merchant Marine

Korea's shipping has been done by lines under Japanese ownership, the vessels owned by Koreans being chiefly small fishing boats. The largest shipbuilding firm in Korea was the Chosen Heavy Industry Co., Mitsubishi subsidiary, at Fusan, which built 5,000-ton vessels, but there have been reports of the establishment of small shipbuilding companies at Chemulpo (Jinsen), Kunsan, and Haeju (Kaishu).

Importance of Korea's trade is indicated by the fact that it is several times as large as that of Indochina, which has almost the same population. Per capita trade, equal to approximately $25, has been nearly equal to that of Japan Proper. With total exports of over $260,000,000 in 1939, and total imports of $360,000,000, Korea ranks high among trade areas of the Far East.

Japan's Share of Korea's Trade

Korea's trade figures show that over 90 percent of both import and export trade was with Japan and Manchuria, the share of the latter in Korea's imports being 5 percent (chiefly shipments of millet) and in Korea's exports somewhat over 10 percent (reaching 20 percent in 1939). Rising share of Manchuria in Korea's exports has been due to shipment of commodities from Korea and, more

Announcements Under Reciprocal Trade Agreements Act

Supplementary Trade Agreement With Cuba Not to be Concluded

[Department of State Press Release No. 520, December 15, 1943]

The Secretary of State announced on December 15, 1943, after consultation with the Government of Cuba, that a decision had been reached not to conclude the proposed supplementary trade agreement with Cuba concerning which a public notice of intention to negotiate was issued on October 19, 1943.

As announced in the public notice, the proposed supplementary agreement would have involved as the sole possible concession on the part of the Government of the United States an increase in, or the suspension of, for the calendar year 1944, the annual customs quota of 22,000,000 pounds of filler and scrap tobacco of Cuban origin included in the existing trade agreement with Cuba. Decision not to conclude the proposed agreement was reached jointly by the Governments of both Cuba and the United States. In the case of the Government of the United States, the decision was based upon a study of the information presented by interested persons in written briefs and at public hearings held on November 24, 1943, as well as other information available to the interdepartmental trade-agreements organization.

important, from Japan via Korea, to develop Manchuria under Japan's control.

No other country had any appreciable share in Korea's trade, even China supplying only 1 percent of Korea's imports and receiving only 2 or 3 percent of its exports. Korea's chief exports to the United States were sardine meal, electric bulbs, graphite, and canned fish. Imports from the United States were of more importance, consisting chiefly of machinery, petroleum products, cotton, and, prior to 1939, tobacco.

Korea's Trade With Principal Countries, 1936

[Values in thousands of U. S. dollars]

Country	Exports to—	Imports from—
Japan	149,948	188,039
Manchuria	16,117	17,240
China	1,074	4,396
Netherlands Indies	77	2,823
United States	455	2,656
Kwantung Leased Territory	2,874	1,928
United Kingdom	57	1,584
Germany	3	302
Straits Settlements	71	381
Philippines	111	180
Other countries	1,404	1,740
Total	172,191	221,269

Source: Foreign Commerce Yearbook.

Exports and Imports

Rice was the most important export item, formerly accounting for nearly half of total value of exports, but declining in recent years to about one-third, and, of course, less in years of bad crops. Next in importance were Korea's minerals, of which the variety has been indicated. These, as well as rice and soybeans, have been exported chiefly to Japan, especially—in recent years—because of that country's need for strategic wartime products.

Imports have been more varied, but they may be divided into several groups. Millet and barley have been necessary as foodstuff imports, and some other foods are needed, such as sugar. Imports of tobacco were declining until 1939, when they were negligible—partly because of increasing production in the peninsula, and partly because of restrictions upon imports of commodities considered nonessential. Lack of petroleum resources has necessitated imports of petroleum products.

Largest imports, in value terms, have been those of metals, metal manufactures, machinery and vehicles, necessary for the industrial development which the Japanese were carrying forward in Korea. Both exports and imports of fertilizer have been large, but wartime shortage will make imports essential in the post-war period.

Net imports of lumber, chiefly from other parts of the Japanese Empire, amounted to 300,000,000 board feet as late as 1940, compared with domestic output of 1,200,000,000 board feet.

The following table, for 1936, the last year for which fairly complete trade figures were given, indicates the chief commodities in Korea's trade.

Chief Exports of Korea, 1936

Commodities	Quantity	Values in $1,000
Fish 1,000 pounds	123,796	3,065
Rice 1,000 bushels	43,369	72,832
Soybeans do	6,414	6,813
Fruits and nuts 1,000 pounds	66,298	1,439
Raw cotton do	26,802	3,329
Raw silk do	4,162	5,761
Lumber		2,161
Cement metric tons	294,219	1,717
Graphite do	39,166	657
Coal long tons	671,940	1,924
Iron metric tons	239,429	5,266
Copper (with gold and silver) 1,000 pounds	4,793	5,949
Lead do	5,368	855
Iron ore metric tons	242,887	321
Tungsten ore do	916	448
Gold ores do	64,585	1,886
Fish oil and hardened oil 1,000 pounds	102,934	3,428
Fertilizers metric tons	512,702	11,733
Other commodities		42,607
Total		172,191

Chief Imports of Korea, 1936

Millet	1,000 pounds	406,532	6,589
Wheat flour	do	90,689	2,273
Sugar	do	146,119	2,625
Barley	do	167,976	2,548
Vegetables	do	182,600	1,632
Fruits and nuts	do	94,965	1,521
Raw cotton	do	58,913	6,604
Cotton textiles	1,000 square yards	163,551	9,330
Wool textiles	do	9,987	3,845
Silk textiles	do	10,107	3,143
Rayon textiles	do	94,358	7,469
Clothing			9,922
Lumber			4,522
Paper			4,054
Coal	1,000 tons	1,544	5,000
Cement	do	214	2,148
Petroleum products	1,000 barrels	2,669	9,176
Metals and ores			15,935
Metal manufactures			13,234
Machinery			13,288
Vehicles and parts			7,827
Chemicals			7,443
Fertilizers	metric tons	515,809	12,013
Other commodities			69,128
Total			221,269

Source: Tables of Trade and Shipping of Chosen (Korea). Blank spaces indicate quantity figures not available. Value figures have been converted at 29.922 cents per yen.

New Trade Relationships

Because many of the commodities imported are essential to Korea's economy, continued large imports may be necessary. Even should Korea continue to receive capital investments and import more than it exports, development of new trade relationships and new export markets is to be anticipated. A new framework of trade will be needed to replace the present Japanese trade regulations, exchange controls, and the import tariffs, now applicable (with slight exceptions) to Korea.

So much of Korea's trade has been with Japan, with imports from such sources as the United States also being handled in good part by large Japanese firms, that this country's direct relationships with Korea have been few. This has been true not only of trade relationships, but of credit and banking facilities also; the branch of the Japanese Dai Ichi Bank of Seoul formerly served as correspondent for some American banks, but absence of foreign banks or agencies in Korea was notable. The Hong Kong & Shanghai Banking Corporation had an agency in Chemulpo (Jinsen), but this was an exception. Credit ratings of Korean firms were not necessary, for the large Japanese firms which handled most of the trade had established credit standings.

Foreign investments in Korea, other than those made by Japan, have also been of little significance. Most important direct investments were several gold mines, obtained as foreign concessions around the turn of the century—of which the gold mine of the Oriental Consolidated Mining Co. of New York was the largest (it was also the last to be transferred to Japanese ownership, in 1939). The corn-oil and starch factory at P'yongyang (Heijo) also was controlled by a New York company, the Corn Products Refining Co.

The problem of the legal framework and economic legislation under which such trade relationships, credit facilities, and foreign investments may be developed cannot be more than intimated here. It is obvious that this constitutes a significant area of change in commercial relationships in the Far East, because of Korea's prospective new political and economic status.

C. N. R. Will Build Ore Dock and Spur

To provide facilities for the movement and handling of ore developed by the Steep Rock Iron Mines, Ltd., the Canadian National Railways will build a high-level pocket-type ore-loading dock at Port Arthur, Ont., and a spur from the railway's main line near Atikokan to the mine site. The cost of the combined projects will be between $2,000,000 and $3,000,000. The capital cost will be borne by the Government under the War Measures and War Appropriation Acts, but the work will be done under the direction of the railway. To provide for the movement of ore to the lakehead, 250 special ore cars will be ordered. About $9,000,000 has already been invested in Steep Rock, believed to be the richest body of iron ore ever uncovered in Canada.

New Books and Reports

★ The following publications, added to the Department's research facilities, through the courtesy of the authors and publishers, are listed as a service to businessmen. *Please note:* The Department has no copies of private publications for distribution and cannot be responsible for their content. For private publications, write direct to the publishing agency given in each case.

Articles of Current Interest Appearing in the Department of State Bulletin December 18, 1943

Copies of this publication, which is issued weekly by the Department of State, may be obtained from the Superintendent of Documents, Government Printing Office, Washington, D. C., for the price of 10 cents each; subscription price $2.75 a year. The December 18 issue contains these articles:

REHABILTATION AND LASTING PEACE: ADDRESS BY ASSISTANT SECRETARY ACHESON.

ARRIVAL IN NORTH AFRICA OF GENERAL MASCARENHAS OF BRAZILIAN GENERAL STAFF.

THE UNITED NATIONS RELIEF AND REHABILITATION ADMINISTRATION: ADDRESS BY FRANCIS B. SAYRE.

THE PROCLAIMED LIST: CUMULATIVE SUPPLEMENT 3 TO REVISION VI.

ATTACK BY SENATOR BUTLER ON THE GOOD NEIGHBOR POLICY: STATEMENT BY SECRETARY OF STATE.

THE INTER-AMERICAN COFFEE BOARD.

STATEMENT BY THE PRESIDENT ON THE REPEAL OF THE CHINESE EXCLUSION LAWS.

PROPOSED SUPPLEMENTARY TRADE AGREEMENT WITH CUBA.

SERIES OF BROADCASTS ENTITLED "THE DEPARTMENT OF STATE SPEAKS."

INFORMATION AND ASSISTANCE TO THE PUBLIC IN CONDUCTING BUSINESS WITH THE DEPARTMENT OF STATE.

APPOINTMENT OF DEPARTMENT OFFICERS.

PUBLICATION OF: "PAPERS RELATING TO THE FOREIGN RELATIONS OF THE UNITED STATES, 1929", VOLUME I; "DAMAGES IN INTERNATIONAL LAW," VOLUME III; "THE CARIBBEAN ISLANDS AND THE WAR."

MUTUAL ASSISTANCE PACT BETWEEN THE SOVIET UNION AND CZECHOSLOVAKIA.

Other Publications

EDUCATION FOR INTERNATIONAL SECURITY. International Education Assembly. 1943. 32 pp. Presents conclusions reached at the first meeting of the International Education Assembly, September 14–17, 1943, at Harpers Ferry, W. Va. Includes proposals (1) for the formation of a permanent International Organization for Education and Cultural Development as well as a temporary organization to deal with immediate post-war educational problems; (2) for the rebuilding of the educational and cultural facilities and services in the devastated United Nations; (3) for the reconstruction of education in the Axis countries; and (4) for education for world citizenship.

Available from: Liaison Committee for International Education, Stanford University, California.

THE FRENCH STRUGGLE FOR THE WEST INDIES 1665–1713. Nellis M. Crouse. 1943. 324 pp. Illus. Price, $4. Records the picturesque past of the Caribbee Islands and the part the West Indies played in the game of world politics in earlier centuries.

Available from: Columbia University Press, 2960 Broadway, New York 27, N. Y.

Oilseeds in Yugoslavia

Serbian "authorities" (Nazi-controlled regime) announced that a minimum of 31,860 hectares of sunflower must be cultivated in the 1943–44 year in that country. Besides that amount, sunflower is to be planted around the edges of corn fields.

The Office of Cattle, Milk, and Fats supplies the seed, and the harvest in 1944 must be sold and delivered in its entirety to the same Office or an authorized institution.

Various agencies including the Ministry of Agriculture and Provisioning and the Office of Cereals, which purchase sunflower oil, are obligated to furnish sufficient sunflower seeds in 1944 for the following year's sowing.

It has also been announced that soybean cultivation must attain a total area of at least 6,000 hectares in 1944, and that 140 hectares were set aside for the cultivation of castor-oil plants during the 1943–44 crop year.

Contributors' Column

Charles N. Henning ("Korea").—Born 1915 in Pittsburgh, Pa. Educated in public schools of Pittsburgh. Graduate of University of California at Los Angeles, 1938; member of Phi Beta Kappa. Teaching assistant in economics and statistics at that university, 1939 to 1941. M. A. in Economics, 1940. Lecturer in Economics, 1941, specializing in problems in International Economics. Joined staff of Far Eastern Unit, Bureau of Foreign and Domestic Commerce, June 1942, specializing in economic studies of Korea and Formosa.

Illarion G. Matveev ("Sakhalin Island").—Graduate of Kiev Gymnasium and Military School. Commissioned as Second Lieutenant in Russian forces in 1917. University of the Far East, Vladivostok, Division of Oriental Studies, LL. B., 1922. Stanford University, B. A. in Economics, 1931. University of California, M. A. in Political Science, 1937. Mr. Matveev has traveled widely through the Far East, including Siberia, China, Mongolia, Manchuria, and Japan. His chief interest lies in political and economic relationships of the Pacific powers in respect to Manchuria, Mongolia, and the Russian Far East. The writer joined the staff of the Far Eastern Unit, Bureau of Foreign and Domestic Commerce, in the spring of 1943.

Amos E. Taylor ("Announcing 1944 Foreign Program") is the Director of the Bureau of Foreign and Domestic Commerce. For biographical sketch, see the October 23, 1943, issuef of FOREIGN COMMERCE WEEKLY.

Melville H. Walker ("Formosa") is Assistant Chief of the Far Eastern Unit, Bureau of Foreign and Domestic Commerce. Born 1910 in Los Angeles; graduate of Pomona College, 1931; University of California Ph. D. in Economics, 1940; Teaching Fellow in Economics, University of California, Berkeley, 1932–35; Travelling Fellow in Economics from same University, 1935–37 engaged in research in Japan upon its industrial organization, particularly of small-scale industries. Lecturer in Economics, University of California at Los Angeles, 1937–40. Came to Bureau in January 1941 as Far Eastern specialist, Finance Division. In present position since April 1941.

In view of the lack of asphalt on the east coast of Sumatra, a successful substitute has been found (say the Japs) after research conducted by the East Coast Experimental Station. The substitute is reportedly obtained by mixing palm oil and lime, heating the mixture to 150°, adding chemically dissolved rubber fragments, and completing the process by increasing the heat to 200°.

Trade-Mark Applications

Argentina.—The following applications for trade-mark registration were published in the Boletín Oficial of December 11, 1943. Opposition must be filed before January 3, 1944:

Trade-mark	*Class No. and Commodity*
Toddyto	No. 22—Entire class.

Brazil.—The following applications for trade-mark registration were published on dates indicated in the Official Gazette of Brazil. Opposition must be filed within 60 days from the date of publication:

Trade-mark	Class number and product	Date of publication
		1943
Nimbus	No. 10—Surgical and curative instruments.	Nov. 1
Astro	No. 49—Games and sporting articles.	Do.
Dinamite-Vulcanite.	No. 18—Explosives	Do.
Star	No. 40—Furniture and upholstery.	Nov. 4
Ciclovita	No. 3—Chemical products	Do.
Reflex	No. 60—Advertising devices	Nov. 5
Tridente	No. 8—Precision and scientific instruments.	Do.
Atlantico	No. 9—Games and sporting articles.	Do.
Penicilase	No. 3—Chemical products for pharmaceutical use.	Do.
Higienic	No. 48—Soap	Do.
Gema	No. 41—Substances used as food or as ingredients in food.	Do.
Aminotrophon	No. 3—Chemical products	Nov. 8
Clic-Clac	No. 12—Metal goods	Do.
Victory	No. 21—Carriages	Do.
Victory	No. 8—Precision and scientific instruments.	Do.
Paraton	No. 1—Chemical products	Do.
Magnistol	No. 3—Chemical products	Do.
Pepsistol	No. 3—Chemical products	Do.
Central	No. 14—Glass	Do.
Mackerrow	No. 49—Games and sporting articles, sports clothing.	Do.
Mar. U Reg	No. 12—Metal goods	Do.
Sun	Nos. 48, 52, and 60—Perfumery.	Do.
Clipper	No. 55—Shoe polish	Do.
Big Ben	No. 48—Toilet articles	Do.
Forminoiod	No. 3—Chemical products	Do.
Farmalt—B	No. 3—Chemical products	Do.
Ovomel	No. 41—Substances used as food or ingredients.	Do.
Invencivel	No. 35—Hides, skins and leather articles.	Do.
Tank	No. 10—Surgical and curative instruments.	Do.
Normofluxo	J. 3—Pharmaceutical products.	Nov. 9
Climax	No. 60	Do.
Hollywood	No. 40—Furniture and upholstery.	Nov. 11
Windsor	No. 17—Engineering and architectural contrivances.	Do.
Sentinela	No. 23—Cotton piece goods	Nov. 17
Flu-Max	No. 8—Precision and scientific instruments.	Do.
Moon-Light	No. 48—Toilet articles	Do.
Quebec	No. 3—Chemical products	Do.
Colchao Americano.	No. 40—Furniture and upholstery.	Do.
Ratol	No. 2—Chemical products	Do.
Capotex	No. 10—Surgical and curative instruments.	Do.
Pioglucil	No. 3—Chemical products	Do.
Palmtin	No. 1—Chemical products	Do.
Sportsman	No. 44—Tobacco	Do.
Omega	No. 6—Machinery and tools	Do.
Shangri-la	No. 48—Toilet articles	Do.
Catex	No. 24—Cotton goods	Nov. 19
Changrila	No. 48—Perfumery	Do.
Zenith	No. 8—Precision and scientific instruments.	Do.
Sanitex	No. 10—Surgical and curative instruments.	Do.
Belzema	No. 48—Toilet articles	Nov. 20
Thoracina	No. 3—Chemical products	Do.
Todophil	No. 3—Chemical products	Do.
Lacnorman	do	Nov. 22
Pancreocol	do	Do.
Loricide	No. 2—Chemical products	Do.
Diaquone	No. 2—Chemical products	Nov. 22
do	No. 3—Chemical products	Do.
Flaviquin	do	Do.
Conkerns	No. 41—Substances used as food or ingredients.	Do.
Batex	No. 8—Precision and scientific instruments.	Nov. 25
Risipin	No. 1—Chemical products	Do.
Gloria	No. 41—Substances used as food or ingredients.	Do.

Uruguay.—The following applications for trade-mark registration were published in the Diario Oficial of Montevideo, on the dates noted. Opposition must be filed within 30 days from the date of publication:

Trade-mark	Product	Date of publication
		1943
Beca	Jewelry, watches, clocks, etc.	Dec 6 to 11
Briggs & Stratton.	Industrial and agricultural machinery, electrical goods.	Do.
Beard	Hardware and bazar goods	Do.
Rislone	Industrial and agricultural machinery.	Do.
Craftsman	Hardware and bazar goods, electrical goods.	Do.
Rim	Classes 1, 2, 3, 6, 7, 8, 9, 11, 12, 13, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25.	Do.
Brela (see illus).	Jewelry, watches, clocks, etc.	Do.
Eu-Ropa	Drugstore and chemical products.	Do.
Eupen	Electrical goods	Do.
Snap on	Hardware and bazar goods	Do.
Senacon	do	Do.
Valentine	Paints and varnishes	Do.
Hastings	Paints and varnishes, and transport in general.	Do.
Blue Point	Paints and varnishes, electrical goods.	Do.
Vermath	Beverages	Do.
Termoplast	Building material	Do.
Impu	Hardware and bazar goods.	Do.
Filor's	Foodstuffs, groceries, etc	Do.
Takaminal	Drugstore and chemical products.	Do.

Fish Farm in Peru Yields Proteins for Amazon Workers

A fish farm established 3 years ago, opportunely, is helping Peru meet wartime food needs for growing population in the upper Amazon Valley, scene of development of rubber and other tropical materials for United Nations war industry.

According to a report recently made by President Prado of Peru, the fish farm already has delivered to the markets of Iquitos more than 22,000 pounds of dried paicha, equal if not superior to the best imported codfish. Iquitos, 2,200 miles up the Amazon from the Atlantic, is one of the centers of Amazon rubber development.

The paicha, also known as pirarucu or arapaima, is the largest fish found in the Amazon waters and probably the largest fresh-water fish in the world. Specimens have been recorded up to 15 feet long. The paicha is regarded as commercially the most valuable of all fish in the Amazon Valley. It has special use as a source of proteins for workers.

Because it is so valued for food in this area, some waters have been virtually depleted, and the paicha has almost disappeared. To prevent *further* depletion, the Government of Peru in 1940 set aside the Pacaya River as a paicha preserve. This is said to be the first fish farm in the Amazon River system. The preserve now functions as a fish hatchery, providing small fish for restocking of rivers, as well as a farm for mature fish.

The protein content of the dried paicha, carefully prepared, is reported to be 36 percent, compared with 26 percent protein content for imported codfish.

The paicha is a long, semicylindrical fish with a flat head and large scales. It has few bones. The meat has a low oil content, which facilitates dehydration and adds another desirable quality in the hot, humid Amazon climate. The big fish has a double-duty set of lungs and comes to the surface about every 15 minutes to breathe.

The rubber worker, the woodsman, the small farmer and boatman of the upper Amazon Valley usually keep a roll of dried paicha handy for cooking with rice and beans. With additional workers moving into the area for the tapping of wild rubber trees, shortage of food is one of the main handicaps to the expansion of rubber production in the Amazon.

This is where Peru's fish farm does a turn for the war effort.

Sales of African Diamonds

Sales of the Diamond Trading Co., the only selling channel of diamonds produced in Africa, amounted to £10,500,000 in 1942, including sales of industrial diamonds totaling £4,250,000, states the foreign press. The estimated value of total sales in 1943 exceeds £16,000,000.

About 3 tons of industrial diamonds, or 15,000,000 carats, valued at more than £3,500,000, recently arrived in Canada. Most of the shipment abroad was of Congo origin.

DOMESTIC COMMERCE

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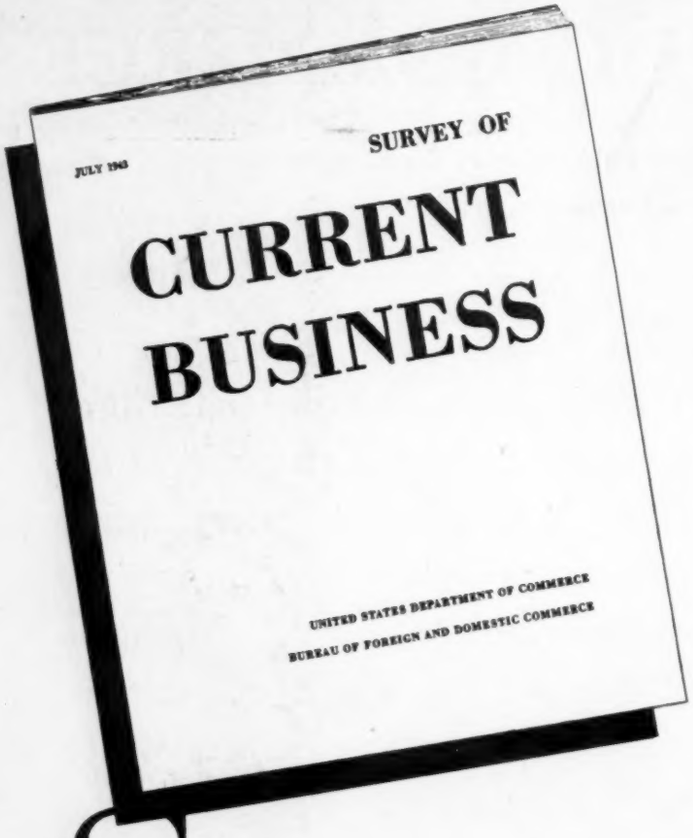

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